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# ***Daily Report***

## ***Supplement***

# **China**

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# China SUPPLEMENT

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23 March 1990

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### ZHEJIANG RIBAO on 'Smokeless War'

OW1503051290 Hangzhou ZHEJIANG RIBAO  
in Chinese 13 Feb 90 P 4

[Article by Liu Maoyin (0941 5399 6892): "Guard Against the Smokeless 'War'"]

[Text] Although people have been highly vigilant against the smoky, devastating wars launched by the bourgeoisie and reactionaries of the West, they often are unaware of the smokeless war—"peaceful evolution"—the latter carry out through ideological infiltration and economic inducement and coercion. We must be aware of this war. Commenting on the "peaceful evolution" strategy, a noted U.S. political figure said: "Increasing trade and contacts with the Soviet bloc may promote peaceful evolution within that bloc. The more contacts we have with the East, the more they will be influenced by the examples presented by the West. This will certainly strengthen the internal forces which support evolution. While there were virtually no changes in Eastern Europe during the long and frigid years of cold war confrontation, significant changes have taken place after the cold war." This shows that, as the cold war comes to an end, "peaceful evolution" becomes the major strategy of the bourgeoisie of the West to subvert and undermine the socialist states. We must be highly alert against this strategy.

#### 'Peaceful Evolution,' a Very Sinister and Ruthless Strategy

Compared with other strategies, the "peaceful evolution" strategy is even more sinister and ruthless and more penetrating and deceptive, and thus it is even more dangerous to socialist countries. The five principal tactics with which the bourgeoisie of the West carries out its "peaceful evolution" strategy are as follows:

First, they use international broadcasts to intensify their ideological infiltration and political influence and to fan up "resistance sentiments" in socialist countries. They believe that "installing new transmitters and equipment to beam programs to the East is more important than deploying guided missiles." A U.S. Congress document points out: "Radio broadcasts are the one and only means capable of subverting the socialist system." Take the "Voice of America," for example. During the upheaval and rebellion in China in the late spring and early summer of 1989, it beamed its programs to China three times and more than 10 hours each day, using endless rumors to shake the people's communist convictions, demoralize people, and subvert China's socialist system. Second, they have intensified their ideological infiltration of intellectuals through academic and cultural exchange programs. The U.S. Government has publicly indicated that U.S.-Chinese cultural exchange "is meant to fill the void of Western thinking and concept of values caused by 30 years of isolation and open anti-Americanism among the Chinese people" so

that a large number of Chinese scholars and students will become "disseminators and interpreters of the Western system and concept of values." Their tactics include: 1) sponsoring all types of academic symposiums and relevant international conferences and giving out various kinds of honors and monetary awards to those scholars who worship Western democracy and freedom so that they can influence more people with their fame and status; 2) giving direct financial aid to institutes of social sciences in socialist countries so that they will undertake research projects useful for the propagation of Western democracy, freedom, and human rights; 3) taking advantage of scholar exchange programs they publicize the contributions and progressiveness of founders of the democratic system of the West and depreciate communist leaders by "criticizing their autocratic and brutal rule." Such tactics are extremely sinister and ruthless. Some "disseminators and interpreters of the Western system and concept of values," like Fang Lizhi, Yan Jiaqi, Liu Xiaobo and the like have indeed appeared in China in recent years. Shouting slogans of so-called "democracy, freedom, and human rights," they attack and slander the CPC as being "dictatorial" and "autocratic," smear China's socialist system as being a "cradle of monarchy" and a "hotbed of corruption," and advocate "the establishment of a pluralistic political system and a government by the elite." They also go all out to propagate the concept of values of the bourgeoisie of the West and promote such ideas as "individualism," "personal struggle," and "money is almighty." All this is the stock in trade of the bourgeoisie of the West.

Third, through subsidizing and recommending, Western governments and their press and publishing departments have sent a large number of newspapers as well as books and magazines containing political, philosophical, and social ideas to socialist countries in an effort to shake their people's socialist beliefs. This can be proved by the fact that many people who are unable to distinguish right from wrong have been poisoned by the decadent ideas and living styles of the bourgeoisie as result of the influx of books and magazines into China. Fourth, they support "independent political organizations" in socialist countries so that "free and democratic forces can come into being and develop gradually." They directly support people's representatives in communist parties who worship the type of democracy and lifestyle of the West and support reputable liberals so that they can become so-called "seeds of freedom," which they use to influence people in society and young people and encourage them to set up independent political and social groups advocating liberalization. To infiltrate socialist countries, they also encourage nongovernmental groups in the West, such as labor unions, trade unions, and churches, in establishing ties with counterpart organizations in socialist countries. These tactics could be clearly observed during the upheaval and rebellion that occurred in China in the late spring and early summer of last year. Fang Lizhi, Yan Jiaqi, Liu Xiaobo, Wang Dan, and the like were their so-called "seeds of freedom," and

such illegal organizations as the "Autonomous Federation of University and College Students" and the "Autonomous Federation of Workers' Unions" were "independent political organizations" they supported. Fifth, they encourage so-called "democratization" and try to gradually change the socialist countries' nature by taking advantage of their reform and open policies. They have carried out economic inducement and coercion in the name of providing financial assistance and carrying out technical exchange, trying to "achieve political results by using the economic strength of the West." A U.S. leader once said that the United States is assisting socialist countries in response to their quest of freedom, and the assistance is based on these countries' "economic and political pluralization." Capitalist countries in the West recently openly declared that their assistance to socialist countries was based on these five prerequisites: "These countries must have a legal system, they must respect human rights, they must have a pluralistic political system, they must have free elections, and they must practice market economy." To put it simply, they want a capitalist system in the socialist countries. This strategy has been fully exposed by the fact that the bourgeoisie of the West clamored to impose economic sanctions against China after the Chinese Government suppressed the rebellion. In short, all the tactics relevant to "peaceful evolution" are very sinister and ruthless, and "peaceful evolution" is a smokeless war conducted within the ideological sphere.

#### **The Struggle Between 'Peaceful Evolution' and 'Counter-Peaceful Evolution' Will Be a Protracted One**

The struggle between "peaceful evolution" and "counter-peaceful evolution" is essentially a struggle between the socialist system and ideology on the one hand and the capitalist system and ideology on the other.

First of all, the change of the bourgeoisie in the West from carrying out "armed intervention" against socialist countries to promoting "peaceful evolution" is only a change of strategy. As their basic intention to subvert and undermine the socialist countries remains unchanged, our basic principle of opposing their subversion and sabotage also remains unchanged. Thus, this struggle will certainly go on for a long time. Ever since the founding of the Soviet Union, the first socialist country in the world, it was considered a thorn in the flesh of the bourgeoisie and the reactionary forces the world over. They immediately organized 14 countries to launch a military offensive against the Soviet Union, but failed. When more socialist countries appeared in the world after the Second World War, the capitalist world became even more panic stricken and they resolved to wipe out all socialist countries by using their strong military force. First, they supported the Kuomintang [KMT] in China to fight the civil war in an attempt to obstruct the victory of socialism in China. Then they launched the aggressive wars against Korea and Vietnam and attempted to subvert the new socialist China. However, their military aggression, political isolation, and economic blockade failed to eliminate socialism. On the

contrary, the socialist system became even stronger under the bombardment of the bourgeoisie of the West. They learned the painful lesson that they cannot wipe out socialism with force alone, but that, while using force, they must also resort to a "peaceful evolution" strategy. This being the case, we must clearly realize that the bourgeoisie of the West has never changed its intention to subvert and undermine socialism and China, and that we must be prepared to wage a protracted struggle.

Second, over the last 70 years and more, capitalism has not been able to swallow up socialism but neither is capitalism on the verge of death. Thus capitalism and socialism remain in a state of "coexisting in struggle" and this situation will continue for a long time to come. As an institution and a world system, it will take a long time before capitalism dies. This historical process will take decades, and even centuries. Having gone through many economic crises and rebuffs from proletarian revolutions, capitalists have learned their lessons and adopted new policies, thus becoming more capable of accommodating and coping with some new, contemporary problems. Moreover, thanks to the scientific and technological developments made in the world in recent years, the capitalist economy has been able to keep developing and live longer. Although socialism has a short history, the original economic foundation and productivity of many socialist countries was weak and undeveloped, and the socialist system is still not perfect, its vitality remains strong because it represents the trend of social development. Although the subversion carried out by the bourgeoisie has been successful at times in certain regions and countries in the world, socialism as a world system cannot be annihilated no matter how ferocious the capitalist subversion and counterattacks may be and no matter what kinds of measures they take. More importantly, the socialist system itself is constantly improving and developing. In China, for example, owing to its reform and open policies, it has achieved enormous success in the political and economic areas over the past decade and its socialist system is full of vigor. This being the case, the state of "coexistence in struggle" between capitalism and socialism will continue for a long time to come.

Third, class struggle in the socialist countries will continue to exist for a long time in certain areas. For example, after China accomplished its socialist transformation, remnant elements and other hostile elements of the exploiting classes continued to exist, such as those forces in Hong Kong and Taiwan hostile to socialism as well as the degenerates in our party and among our people, including the proponents of bourgeois liberalization and other decadent elements. The class struggle in the ideological sphere, in particular, will also continue for a long time to come. These hostile forces, and the capitalist forces the world over, will certainly echo each other and do everything possible to subvert socialism. Because of this, class struggle will continue to exist for a long time to come in certain spheres and may even sharpen under certain conditions.



For these reasons, the struggle between the socialist system and capitalist system will continue for a long time to come and "peaceful evolution" will become a special feature of this struggle. Therefore, our struggle against "peaceful evolution" will also be long one.

#### **Upholding the Four Cardinal Principles, the Magic Weapon To Smash the "Peaceful Evolution" Conspiracy**

The most important characteristic of the "peaceful evolution" scheme of the bourgeoisie in the West is that it exerts its effect through the internal degeneration of socialist countries. Therefore, if we are to guard against and smash their "peaceful evolution" conspiracy, we must consolidate and develop the socialist system and prevent this bastion from being penetrated from within. The only magic weapon that will help us do that is upholding the four cardinal principles. The fundamental objective of the bourgeoisie in the West in promoting the "peaceful evolution" conspiracy is to make the socialist countries renounce the Marxist guiding ideology, give up communist leadership, and abandon proletarian dictatorship and the socialist system and to incorporate the socialist countries into the Western capitalist framework. We must not treat this matter lightly or lower our guard; instead, we should give tit for tat. In the realm of ideology, we must firmly resist and eliminate the various reactionary bourgeois ideas, world outlook, and values that have sneaked in, educate our cadres and people in Marxism and Mao Zedong Thought, immunize them against the "peaceful evolution" conspiracy of the bourgeoisie in the West, and foster among them a strong conviction that socialism and communism are invincible. In politics, we must firmly criticize the "multiparty system" as well as the assorted bourgeois ideas about an abstract "democracy" and "freedom" that transcend classes and uphold communist leadership and the socialist system. In economics, we must firmly oppose private ownership and free economy and instead uphold planned socialist commodity economy in which public ownership remains dominant. At the same time, in order to ensure that the socialist bastion remains secure, we must uphold people's democratic dictatorship. If hostile elements attempt to subvert or sabotage the socialist system on our soil, we must firmly and mercilessly crack down on them.

With the four cardinal principles, we have a firm stand and a clear orientation for all our work. On the question of our attitude toward reform and opening to the outside world, we have declared clearly to the world: China's reform and opening up is for the purpose of self-improvement of the socialist system. China's introduction of advanced science and technology, funds, and advanced management know-how from the West is for the purpose of developing socialist productive forces and injecting vitality into socialism. We will not renounce Marxism, abandon socialism, or abolish the Communist Party, and instead practice capitalism in return of the Western bourgeoisie's alms.

All in all, in view of the experience and lessons of the struggle between "peaceful evolution" and "counter-peaceful evolution" and the current situation at home and abroad, only by upholding the four cardinal principles will we be able to smash the "peaceful evolution" conspiracy of the Western bourgeoisie and ensure that the socialist system will shine for ever.

#### **Mongolia Seeks New Trade Partners**

HK1803060890 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 10, 5 Mar 90 pp 28-29

[Article by Wang Yimin: "Mongolia is Seeking New Economic Partners"]

[Text] On the general premise of gradually introducing reform in recent years, the Mongolian People's Republic has continuously readjusted its foreign policy, particularly its foreign economy and trade relations, gradually changed the policy which leaned on one side and regarded its alliance with the Soviet Union as the foundation of its foreign policy, and sought new trade and economic partners. "Maintaining friendly relations with all countries" and "developing cooperation of equality and mutual benefit" are the main characteristics of the readjustment.

Mongolia is the second socialist country established in the world following the victory of the Soviet October Socialist Revolution. Because of the limitations of conditions at that time and other restrictive factors during the long historical period, Mongolia established and maintained special relations with the Soviet Union. Soviet aid played an important role in the rapid development of Mongolia's economy. In turn, the Soviet Union also benefited from trade and economic cooperation with Mongolia, particularly from exchanging manufactured goods for minerals, animal products, and raw materials. The Mongolian side has always suffered from this. Moreover, Mongolia's trade with the Soviet Union accounted for over 80 percent of the total. Take 1971 for example, Mongolia could use only 20 percent of the income from wool, animal produce, and meat exports to purchase oil products. In 1987, however, Mongolia could not even pay for the oil products with all the income from wool, animal produce, and meat exports. In 1987, Mongolia imported 191 million roubles of oil products from the Soviet Union. The average price for every ton of oil products increased 540 percent over 1975.

In view of the price fall of raw materials and price hikes of manufactured goods, Sodnom Dumaagiyn, chairman of the Council of Ministers, complained at the 44th COMECON conference that the soaring prices of the production and technological commodities purchased will be "disadvantageous" to Mongolia. While discussing the prices of manufactured goods exported by COMECON members to Mongolia at the 45th COMECON conference held recently, Sodnom said that the prices exceeded the level of the world market. However, the prices of Mongolia's export commodities were

lower than the world market level. It is noteworthy that Mongolia has always regarded the loans from the Soviet Union as the source of its national economic investment. As the Soviet Union is now undergoing economic structural reform and has encountered many difficulties, it is unlikely that Mongolia can obtain "gratuitous aid" and "selfless aid" from the Soviet Union as in the past. In an interview with a Mongolian reporter in April last year, Soviet ambassador to Mongolia Sitnikov declared this point. At the time when the Soviet Union is practicing a new enterprise law, he said, Soviet-Mongolian economic cooperation must be reformed. During Mongolia's new five year plan (1991 to 1995), the Soviet Union will "no longer increase loans to Mongolia."

Under these new circumstances, it has become a common understanding in Mongolia to prudently readjust its foreign economic and trade relations, seek new trade and economic cooperation partners, extensively participate in worldwide economic activities, particularly develop relations with neighboring Asian countries and Western countries including Japan, Britain, France, the United States, and FRG, and seek economic, trade, scientific, and technological cooperation with these countries. To this end, Batmonh, general secretary of the Mongolian People's Revolutionary Party [MPRP] and chairman of the Presidium of the Great People's Hural, said early last year that Mongolia "is interested in developing relations with nonsocialist countries based on equality and mutual benefit while continuously strengthening its traditional friendship with socialist countries. Specifically speaking, Mongolia is interested in increased economic, trade, and cultural exchanges." In his report to the Seventh Plenary Session of the 19th MPRP Central Committee held the end of last year, he reiterated: "While increasing cooperation with the COMECON nations, it is necessary to introduce an open policy to both the developed and developing countries, draw capital and advanced technology from these countries, and run enterprises with them." At a press conference held earlier, Punsalmaagiyn Ochirbat, minister in charge of Foreign Economic Relations Board and Supply, disclosed that Mongolia is now studying the "possibility of running joint ventures" with companies from capitalist countries. Last August Mongolian deputy foreign minister (Aulechiyoi) also discussed the importance of developing economic and trade relations from a diplomatic angle. He acknowledged that Mongolia's "activities in the international economic fields were limited in the past." In diplomatic work, we "sometimes ignored the fundamental interests of our people and put undue stress on world issues." Mongolia is "now making efforts to correct these mistakes."

In practical terms, Mongolia has paid more attention to economic diplomacy recently in its external contacts, particularly taking note of the contacts with countries other than the COMECON nations. Following its admittance to the Group of 77 last June and establishment of diplomatic relations with the EEC last July, Mongolia is now making preparations to join the Asian Development

Bank and the International Aviation Organization. Meanwhile, Mongolia is prepared to establish relations with ASEAN, become a member of the Nonaligned Movement, and maintain contacts with South Korea. The volume of Mongolia's 1988 trade with capitalist countries increased by 46.4 percent over the previous year, of which trade with Japan increased rapidly, totaling \$28 million, accounting for 50 percent of Mongolia's total trade volume with the capitalist countries. Meanwhile, Mongolia's trade with COMECON nations increased by only 1.3 percent. Mongolia's interest in developing relations with China, Japan, Western countries, and Asian neighbors further increased in 1989. Here is a typical example, a Chinese Inner Mongolia commodity fair and a Japanese commodity fair were respectively held in Ulaanbaatar in September. A Mongolian Foreign Ministry spokesman said that Mongolia wants to further improve its relations with China and that Mongolian leader Batmonh will pay a visit to China this May. The Mongolian chairman of Council of Ministers paid a visit to Japan in February. Here is another typical example: To strengthen economic and trade relations with COMECON and other countries, the Mongolian Council of Ministers made a decision last November, changing the Commission of the Council for Mutual Economic Assistance into the Liaison Commission of the Council for Foreign Economy, and further extended the functions of the commission.

Moreover, to meet the needs of diplomatic contacts, Mongolia specially trained people who master English and other languages. Apart from the English teaching program offered by the radio and television station, some schools also offered commonly used foreign language courses, thus putting an end to the state of schools merely offering the Russian language in the past.

### Britain Encounters Economic Problems

HK1903023090 Beijing RENMIN RIBAO in Chinese  
28 Feb 90 p 7

["Newsletter From Britain" by Staff Reporter Chen Tean (7115 3676 1344): "Economic Difficulties Faced by Britain, and Their Solutions"]

[Text] On the eve of the British Chancellor of the Exchequer John Major's announcement on 20 March of his first budget, in its quarterly report, the Bank of Scotland, Britain's Central Bank, appealed on 8 February: The new budget must maintain a firm financial position and not relax the hold on taxation and interest rates. The British Broadcasting Corporation stated more outright: The purpose of instituting the budget is "to stave off the double threat of inflation and economic recession." It can thus be seen that in 1990 the British economy is facing a difficult situation of walking the tightrope of "inflation and economic recession" on the two ends. Just as the Chancellor of the Exchequer Major said in his "autumn financial statement": The year of 1990 was "not an easy year."

### The Danger of Serious Inflation Lingers

The British economic development in the last 10 years or more has been of a somewhat periodic nature. From the second half of 1979 to 1981, the British economy also could not escape the thrashings of the postwar Third World economic crisis. In 1980 and 1981, Britain's gross domestic product experienced a negative growth—1.8 percent and -1.1 percent respectively and in 1982 it began to pick up and increased by 1.8 percent. In 1987 and 1988, it reached the stage of surging growth, increasing by 4.5 percent and 4.6 percent respectively. In 1989, the economy began to slow down and grew by two percent. It is expected to grow by just 1.25 percent in 1990, which has been called by some a point "nearing the brink of economic recession." The British economy has periodically been confronted again with thorny and difficult problems.

Britain's "inflation is still disturbing." This is the warning signal flashed by the Bank of Scotland, pointing out the difficult problem facing the British economy this year. The worries of the "old women" on the Needlework Street (another name for the Bank of Scotland) who have experienced many vicissitudes of life are not utterly groundless. Although the overheated British economic has now "cooled down," the effort to lower Britain's inflation rate to the levels of its competing counterparts has been making "slow progress." The inflation rate at the end of last December was still as high as 7.7 percent. According to official scheduled data, by the end of this year, Britain's inflation rate is expected to have reached 5.75 percent, which is higher than both the average 4.3 percent inflation rate of the member states of the Organization for Economic Cooperation and Development and the average 4.1 percent inflation rate of the four major countries in Western Europe. Although the housing mortgage rates will drop in the near future to under the retail price index levels, which is conducive to lowering inflation rates, analysts here are worried that this will be offset possibly by the increased housing management fees and the transformation of tax on land for building into local tax. It is no wonder that in its quarterly communique, laden with anxieties, the Bank of Scotland stressed that the danger of serious inflation is still around.

Analysts here maintained: This is because in Britain currently there still exist many factors causing inflation. First of all, the unit wage cost has grown too rapidly. According to statistics, nominal wages in Britain increased by 145 percent in 10 years time or the real wage growth was 28 percent after effect of inflation was deducted. This figure is 200 percent higher than the real wage growth of Japan, West Germany, and France. According to the British official statistics, in fiscal 1989-1990, the average wage cost of the entire economic departments in Britain went up by 9.25 percent and in fiscal 1990-1991, the average wages are expected to rise by 8.5 percent. The rapid increase in wage expenditure will put spurs on consumption growth rates to catch up and even surpass economic growth rates, driving a rise in

inflation rates. Second, the exchange rates of the pound sterling remain unstable. The Bank of Scotland worried that the government's effort to curb inflation would probably go wasted as the result of a further weakening pound sterling. The exchange rates of the pound sterling dropped by six percent at the end of last year and have now bounced up to 3.6 percent but the Bank of Scotland cautioned that the pound sterling exchange rates would very possibly further weaken.

It is believed that the recent discussion between West Germany and the GDR on monetary union has intensified people's fear that West Germany would increase its interest rates, because the Central Bank of West Germany already stated that the reorganization of the European monetary system might possibly increase the pressure coming from outside West Germany on inflation. Moreover, the move for West Germany to increase its interest rates also may cause chain reaction throughout Western Europe, leading to the formation of an environment characterized by high interest rates. This will give more powerful thrashings to the pound sterling and force Britain to execute the options, such as devaluing the pound and increasing interest rates. In addition, the government's economic strategy for putting public spending under control has not yet fully produced desired results. The magazine *ECONOMIST* still likened public spending to "an untamed submarine creature." The foreign trade deficit has improved considerably, plunging from 6.7 billion pound sterling in the third quarter of last year to 4.5 billion pound sterling in the last quarter but the deficit during all of 1990 is expected to reach 14 billion pound sterling. This makes the government more difficult to keep inflation down. In view of the abovementioned factors, the Bank of Scotland cautioned that Britain's inflation rate would be higher than the government projected 5.75 percent. Economists here calculated that the rate would be around 6.6 percent.

### An Sharp Drop in Economic Growth is Inevitable

As the basic interest rate stays high, the economy is heading to the brink of recession. This is another difficult problem facing the British economy this year.

Britain's current basic interest rate is as high as 15 percent and expected to have dropped to 13 percent by the end of the year. However, this is still the higher rate among the major industrialized countries in the West. Under these circumstances, it is generally expected that the British economy will further slow down and even approach recession in 1990. Even the Bank of Scotland also cautioned: This year's British economic activities will probably stay under the projected 1.25 percent level in terms of economic growth. A marked economic slowdown is inevitable.

This situation of depression in the British economy is caused partly by the internal laws governing the periodicity of the capitalist economy and the international



environment and partly by the country's domestic policies and other structural factors. First, inflation is curbed by raising interest rates and pursuing a tightened monetary policy without making efforts to increase personal income tax as a remedial measure. In this situation, investment is the first to bear the brunt and consequently, investment is apt to shrink and productive capacity to stagnate. Second, the abilities of companies and enterprises in Britain to withstand strains resulting from high interest rates are already weak and not a few industrial and commercial enterprises have operated in the red and made up for their losses by relying on bank loans. In the first three quarters of last year, the financial deficits of companies in Britain were up 250 percent to 1.5 billion pound sterling. The proportion of the deficits in the gross domestic product was bigger than that in 1974 and 1979. The corporate financial deficits in the two years led to economic recession. Third, corporate inventories are "very colossal." In the second quarter of last year, they amounted to six billion pound sterling in value and continued to expand subsequently. To reduce the amount of funds kept idle in stock and restore a normal ratio between stock and output, it is necessary to cut inventories by several billions of pound sterling in value. Naturally, this will lead to investment stagnation and an economic slowdown.

#### **Curbing Inflation is Still a Task of Top Priority**

There is both a need to hold inflation and a fear of economic recession. Handicapped in many ways, the British economy in 1990 has difficulty moving ahead, as the economists here said: It is "facing difficult readjustments."

This is indeed how things stand. Well aware that inflation poses a greater threat than economic recession, the Margaret Thatcher government has firmly regarded it as its most important economic goal to dampen inflation. The government's main countermeasures include bringing public spending under strict control and continuing to maintain necessary high interest rates and control money supply. At the same time, the government will not hastily effect tax cutbacks in the near future. Apparently, to achieve the goal of bringing inflation under control, the government will not hesitate to risk the danger of making the economy approach the brink of recession.

In his autumn statement, the Chancellor of the Exchequer Major stressed: The government's "first goal is to decisively dampen inflation and keep it at a low level. To achieve this goal, the whole economy must slow down."



## Political & Social

### Peasants', Workers' Party Meet 13-15 Mar

OW2003131990 Beijing XINHUA Domestic Service  
in Chinese 1159 GMT 15 Mar 90

[Text] Beijing, 15 Mar (XINHUA)—The Fourth (Enlarged) Meeting of the Standing Committee of the 10th Central Committee of the Chinese Peasants' and Workers' Democratic Party was held from 13 to 15 March in Beijing.

Lu Jiayi, vice chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] and chairman of the Chinese Peasants' and Workers' Democratic Party, spoke at the opening ceremony. He said: Through 60 years of experience, the Chinese Peasants' and Workers' Democratic Party deeply understands that adherence to the leadership of the CPC and keeping to the four cardinal principles are the political foundation for cooperation among various parties in our country. Historically, it is a natural and reasonable thing. In the actual situation, it is also a necessary thing and has realistic advantages. It is a new type of socialist political party system in accord with the situation of our country. He called on all members of the Chinese Peasants' and Workers' Democratic Party to follow the guidelines of the Sixth Plenary Session of the 13th CPC Central Committee, to seriously study and firmly implement the "Opinion of the CPC Central Committee on Persisting in and Improving the System of Multiparty Cooperation and Political Consultation Under the Leadership of the CPC," to effectively strengthen the building of their own party, and to give full play to their role in taking part in government work and making suggestions on political affairs.

At the closing ceremony on 15 March, the participants in the meeting unanimously adopted a "Resolution of the Fourth Meeting of the 10th Central Committee of the Chinese Peasants' and Workers' Democratic Party on Supporting the Communiqué on the Sixth Plenary Session of the 13th CPC Central Committee," adopted a "Decision of the Central Committee of the Chinese Peasants' and Workers' Democratic Party on Supporting and Implementing the 'Opinion of the CPC Central Committee on Persisting in and Improving the System of Multiparty Cooperation and Political Consultation Under the Leadership of the CPC,'" and adopted in principle the "Main Points of Work of the Central Committee of the Chinese Peasants' and Workers' Democratic Party in 1990" and the "General Rule for the Organization of Special Committees of the Central Committee of the Chinese Peasants' and Workers' Democratic Party."

Vice Chairmen of the Central Committee of the Chinese Peasants' and Workers' Democratic Party Fang Rongxin, Yao Jun, Zhang Shiming, Tian Guangtao, Yang Lieyu, Guang Renhong and Jian Tiancong as well as Chairman Shen Qizhen and Vice Chairmen Li Jian-sheng and Zheng Haoming of the Central Consultative

and Inspection Committee of the Chinese Peasants' and Workers' Democratic Party attended the meeting.

### Jiusan Society Second Plenary Session Ends

OW2003055290 Beijing XINHUA Domestic Service  
in Chinese 1313 GMT 15 Mar 90

[Text] Beijing, 15 Mar (XINHUA)—The Second Plenary Session of the Eighth Central Committee of Jiusan Society closed in Beijing this morning.

Zhou Peiyuan, chairman of the society, attended the session.

The session adopted a resolution, sincerely supporting the decision adopted by the Sixth Plenary Session of the 13th CPC Central Committee on strengthening the ties between the party and the people, and the "Opinion of the CPC Central Committee on Persisting in and Improving the System of Multiparty Cooperation and Political Consultation Under the Leadership of the CPC."

The resolution points out: The CPC's leadership was established in the protracted course of revolution and construction. The history of Jiusan Society over the past four decades or so testifies that only under the leadership of the CPC can Jiusan Society play an active role in national political life and advance wholesomely. Jiusan Society will continue to steadfastly support the leadership of the CPC, strengthen the close cooperative relations with the CPC, and share weal or woe with the CPC.

The resolution holds: At present, to maintain political, economic, and social stability is a task of top priority and sacred duty for both the CPC and all democratic parties. Organizations at various levels and all comrades of the society should have this view in mind while identifying problems and considering and arranging the work. It is necessary to make good use of Jiusan Society's special characteristics and merits in maintaining extensive contacts with intellectuals inside and outside the society and exerting greater efforts to stabilize the overall situation and safeguard political stability and unity.

The resolution points out: As a party participating in political affairs, the Central Committee and local organizations of Jiusan Society face the following tasks this year: To actively participate in various political consultative activities by strengthening the work of special committees and conducting investigative study for making valuable suggestions to the CPC and the government; to take part in economic rectification and deepening of reform by offering advice and exercising supervision for promoting the construction of a clean and honest government; and to launch in-depth scientific and technical service and contribute our talent and knowledge in studying, verifying, and making macroscopic policy decisions of key construction projects, developing the great northwest, assisting the impoverished frontier areas, carrying out the Spark Plan and other measures for building up agricultural science and

technology, and advancing China's economic, scientific, technical, and educational undertakings.

Sun Chengpei, vice chairman of the society, chaired and spoke at the meeting today. Among those who attended the meeting were Jin Shanbao, honorary chairman of Jiusan Society; Xu Caidong, Wang Wenyuan, and Chen Xuejun, vice chairmen of the society; and Wang Gangchang, chairman of the society's Consultative Committee.

### Articles View Study of Marxist Philosophy

#### RENMIN RIBAO on Marxism

HK1503122590 Beijing RENMIN RIBAO in Chinese  
2 Mar 90 p 6

[Article by staff reporter Zhang Shulin (1728 2579 2651): "How To Do a Good Job in Studying and Publicizing Marxist Philosophy?—View Held by Some Academics and Scholars in Beijing's Philosophy Circles"]

[Text] How should we study and publicize Marxist philosophy at present? Recently, this reporter visited some academics and experts of the training department of the Central Party School, the Institute of Philosophy of the Chinese Academy of Social Sciences, the Philosophy Department of the Chinese People's University, and the Philosophy Department of Beijing University, all of whom talked about their views.

#### Studying Philosophy Is an Important Political Task of the Whole Party

The academics hold that the party Central Committee has put forward the need to step up studies in Marxist theory and, at present, to concentrate on studying Marxist philosophy. This is a major political task facing the whole party. It has far-reaching significance.

The academics hold that studying Marxist philosophy and using Marxist stands, viewpoints, and methods to soberly ponder the past and the future is not only the need to struggle against bourgeois liberalization and step up the building of Marxist theory, it is also the requirements of practice and the need to build socialism with Chinese characteristics. As the most scientific and complete world outlook and methodology, Marxist philosophy is a "great tool of cognition." The theory of building socialism with Chinese characteristics, which is put forward by our party, is the outcome of integrating Marxism—including dialectic materialism and historical materialism—with the practice of China's modernization drive. The formulation and implementation of our line, principles, and policies cannot depart from the guidance of Marxist philosophy. The practice of China's socialist construction, reform, and opening up over the years, as well as the problems cropping up in reality, have reflected, from different aspects, the importance and urgency of studying Marxist philosophy. Practice

has proven that, so long as we grasp Marxist philosophical thought and use correct world outlook and methodology to observe and analyze problems, we shall be able to grasp the fundamentals from the numerous and complicated contradictions, keep to the direction despite unpredictable developments; find the way to solve various problems; and acquire a stronger sense of adhering to principles in work, a systematic approach, foresight, and creativity. Only in this way can we develop the socialist modernization program, reform and opening up along a correct orientation, raise the level of our understanding and practical work, reduce errors, and avoid making bigger mistakes.

#### In Studying Philosophy and Publicizing the Need To Study Philosophy We Must Stress the Main Points

A comrade from the party school says that the degree of the implementation of a theory in a country depends on how the theory can meet this country's needs. The students of the party school system—mainly leading cadres at all levels—think that the Marxist philosophy is near them and that they need its guidance. The higher the leading cadres are, the stronger they feel the need to study philosophy. This is especially true with those leading cadres who oversee overall work and have decisionmaking power. Therefore, in grasping the study of philosophy, we should concentrate on grasping the study by senior and middle-ranking cadres, especially senior cadres.

Many comrades stress that in publicizing the study of philosophy we should also stress the main points. It is absolutely necessary to seek truth from facts and strive to publicize Marxist philosophy comprehensively and accurately. We should not stir up a strong wind, nor should we do it in an oversimplified way.

Some experts say that publicity on the study of philosophy should include three aspects: First, publicizing the basic views of Marxist philosophy; second, passing on the experience of some comrades in studying Marxist philosophy in coordination with new developments in socialist construction and practice; and third, answering the challenges to and distortions of Marxist philosophy by a small number of people engaging in bourgeois liberalization.

Some academics say that it is necessary to publicize the basic theory of Marxist philosophy, but attention should be paid to specific problems and main points. If we simply print the textbook of Marxist philosophy in newspapers, the results will surely be poor. By having specific problems in mind we mean that we should direct our publicity at the concepts of bourgeois liberalization spread by some people in recent years. If there are different interpretations about a philosophical problem this can be discussed, but if people totally negate Marxist philosophy, regarding it as outdated, we should give a reply with a clear-cut stand. By stressing the main points we mean that we should direct our publicity and education at knotty problems raised by cadres and the masses

in the course of their studies, rather than trying to attend to each and every aspect of the matter. We should ask more comrades with a knowledge of philosophy and practical experience to write articles about what they have learned.

**Handle Well the Relationship Between the Study of the Basic Theory of Philosophy on the One Hand and Dissemination, Publicity, and Education on the Other**

The task of a philosophy worker includes: 1) the study of the basic theory of philosophy, and 2) the work of dissemination, publicity, and education. Handling well the relationship between them is of great importance to doing a good job in studying and publicizing philosophy.

Some academics hold that professional philosophy workers should primarily do a good job in studying the basic theory of philosophy. Since the Third Plenary Session of the 11th CPC Central Committee, under the impact of ideological emancipation, reform, and opening up, the study of philosophy has been very lively in our country and great successes have been scored in the study of theoretical problems in various sciences. Party newspapers should set aside some space to report on the achievements attained by China's philosophy circles in their theoretical study, the issues discussed, the different views and arguments, the new headway made in the study of philosophical theory, and so on. Moreover, we should also favor the launching of discussion among different academic views under the guidance of Marxism. Only in this way we can develop and bring prosperity to sciences. Instead of carrying only one viewpoint, newspapers should reflect different views.

Dissemination and publicity of, and education in, philosophy is also an important task of philosophy workers. In the past, we did not attach sufficient importance to this work; in the future, we should step up this work. Of course it is not so easy to do this work, especially to write articles linking theory with practice and presenting new ideas. However, so long as we exert ourselves, we shall be able to change this state of affairs. In the past, readers were not interested in reading newspaper articles. There are many reasons for this, but a very important one is that these articles failed to address problems of concern to the masses. If the articles can use Marxist philosophical viewpoints to analyze and explain problems of concern to the masses and give correct answers then they will certainly be well received by the masses.

On the question of applying philosophy, some academics point out that the aim of disseminating and publicizing philosophy is to hand over the weapon of Marxist philosophy to the masses, to arm their minds with it, and to guide their practice. Of course, we should not think that by learning some Marxist philosophy and roughly understanding one or two philosophical terms and viewpoints we can solve complicated practical problems. In practice, philosophy plays its role primarily through raising people's theoretical level as a whole, raising their ability to understand things. Moreover, they should

master specific professional knowledge as well as knowledge of practical conditions. Only by organically integrating these aspects is it possible to attain better results in social practice and scientific research and obtain scientific answers.

After the campaign to study philosophy spreads across the country, it is necessary to prevent the phenomenon of spreading it too wide, going through the motions, or rushing to run this or that kind of study classes, as may happen in some places. Instead, we should conscientiously comprehend the essence of central guidelines. Where the leading bodies fail to control the situation, it will easily "stir up strong winds" and lead to oversimplification. As we had profound lessons on this in the past, we should pay great attention to it.

**Give a Scientific Assessment to the Western Philosophical Trends**

Some academics say that since the Western philosophical thinking is the common spiritual wealth of mankind, its essence and rational part should be absorbed and carried forward. Some of the issues they raise, as well as their methods of study, are also worth studying. In publicizing the need to study philosophy, we should not only stress the guiding role of Marxist philosophy but also give publicity to the need of Marxism to constantly absorb new achievements in human cultural development in order to enrich and develop itself. It is necessary to make more analyses of new sciences and philosophical trends. The attitude of total acceptance or total rejection is wrong.

Some experts point out that the Western philosophical trends were often negated in earlier years but have often been flattered and affirmed in recent years. It should be stressed that the influence of Western philosophical trends on our academic circles and young students should not be underestimated. For example, existentialism and Freud's doctrine have a great influence among college students. In fact, however, not all students have read their books or systematically studied their doctrines. Under these circumstances, it is particularly necessary to publish some convincing articles to assess Western philosophical thinking which has some influence in the academic circles and among college students and to guide the readers to use Marxist viewpoints to correctly understand these theories. It is perhaps impossible for an article to appraise the whole idea of a certain school of thought, but we can start by assessing a certain idea or reviewing a book. If we do so, the effect will probably be better.

**Nationalities Theory Stressed**

HK1503083190 Beijing RENMIN RIBAO in Chinese  
3 Mar 90 p 5

[Article by Wang Qun, secretary of the Inner Mongolia Autonomous Regional CPC Committee: "Seriously Study Marxist Theory on Nationalities and the Party's Policy on Nationalities"]



[Text] In his speech at the 40th founding anniversary of the PRC, Comrade Jiang Zemin stressed the importance of theoretical study and pointed out that the party's theoretical improvement is a fundamental guarantee for the correctness of party leadership. Now not only should leading party cadres strengthen their theoretical study, all party members should also strengthen their theoretical study. Comrade Jiang Zemin said: "In view of the new situations and problems in the world and China, and taking account of the heavy responsibility our party undertakes in the course of China's socialist construction and its important position in the international communist movement, there is a need to place in front of the entire party as an urgent task the study and research of Marxist basic theory as well as the study and probing of present-day major political, economic, and social theories under the guidance of Marxism." He added: "A Communist Party member who lacks Marxist theoretical cultivation and is not good at using a correct stand, viewpoint, and method to analyze and solve problems cannot display his proper role." He stressed the necessity to change the situation in which theoretical study is lax and ideological and political trends are ignored. "The theoretical level and political sensitivity of comrades in the entire party should be improved earnestly."

Comrade Jiang Zemin made the above important proposals on behalf of the CPC Central Committee after summing up lessons and experiences in the previous period. There are some lessons in our theoretical study and research. First, we have relaxed our theoretical study, and second, we have not paid adequate attention to theoretical study and theoretical propaganda in society. Therefore some people have availed themselves of our loopholes. People who obstinately stick to bourgeois liberalization took advantage of our weak points to negate the four cardinal principles and flagrantly pursue "total Westernization" by spreading their "theory" under the pretext of "reform and opening up," thus causing riots throughout the country and the counterrevolutionary rebellion in Beijing. This is a lesson paid for with blood. We must be vigilant that reactionary forces in the country and abroad will not take this matter lying down. They will carry out prolonged infiltration and sabotage against us and follow what they call the strategy of peaceful evolution. Therefore we must take serious account of theoretical study and research, pay attention to political and ideological trends, adhere to the four cardinal principles, and carry through to the end the struggle against bourgeois liberalization.

Party members in the Inner Mongolia Autonomous Region, particularly party cadres of all nationalities in the region, must pay attention to the study of Marxist theory on nationalities and the party's policy on nationalities. Only through serious study can they improve their political consciousness and form and consolidate a Marxist concept on nationalities. In handling ethnic problems, they must take the stand and attitude of

Communist Party members; resolutely protect the motherland's unity and nationality solidarity; and promote equality, mutual assistance, and common prosperity among all nationalities.

China is a united multinational country with a long history. According to the basic principles of Marxism and China's national conditions, it has correctly implemented the regional autonomous system concerning minority nationalities and laid down the basic principle of equality, solidarity, and common prosperity among all nationalities. This system and principle are based on the fundamental interests of the people of all nationalities in the country and are therefore sincerely supported by them. For the last decades we have conscientiously implemented this basic system, basic policy, and basic principle of the party and have therefore made great achievements in the political, economic, cultural, and educational fields. History has proved that China's regional autonomous system concerning minority nationalities and the party's basic principle are great and the only correct system and principle to follow.

Hostile forces that look upon us as an enemy still exist in the country and abroad, and have never stopped using conspiratorial means to engage in subversion such as carrying out peaceful evolution, infiltration, and sabotage or using religious and ethnic problems to stir up political unrest, disrupt nationality solidarity, split the motherland, and instigate counterrevolutionary rebellions. During the political riots and rebellion between the spring and summer of this year [as published], two groups of reactionary forces in minority nationality regions—one bent on bourgeois liberalization and the other attempting to split the motherland—collaborated with each other in trying to overthrow the socialist people's republic. Is this not an ironclad fact? We must be aware of the prolonged nature of this struggle. Our enemy generally uses simpleminded young students or people with confused ideas on ethnic problems to carry out instigation, stir up political riots, undermine nationality solidarity, and split the motherland. Our Communist Party members, people of all nationalities, and cadres of all nationalities in particular should maintain a high degree of vigilance, respond to Comrade Jiang Zemin's call, and "take a clear-cut stand in carrying out a resolute struggle against all plots to split the motherland."

In short, only by studying Marxist theory on nationalities and cultivating a Marxist concept on nationalities will it be possible to get rid of confused ideas and maintain a high degree of political consciousness. Studying is an arduous matter and involves great efforts. It will not do to have a smattering of knowledge. In the course of study, it is necessary to combine theory with practice and study theory in a down-to-earth manner. This will certainly yield good results.

### Studying Original Works Urged

HK1603053590 Beijing JIEFANGJUN BAO  
in Chinese 22 Feb 90 p 3

[Article by Huang Youlin (7806 0645 2651): "Leading Cadres Must Concentrate Efforts on Studying Original Philosophic Works"]

[Text] What should the leading cadres concentrate their efforts on when studying philosophy? Some people held that "when studying philosophy, it is only necessary to study and master some basic viewpoints. It is not necessary to make great efforts to study the original works." Some said that "there are too many original philosophic works and they are too difficult to understand. We would rather learn philosophy from textbooks, which are more convenient for us and easier to understand." This reminded me what Engels said in his letter to (Bloch) [but he 1580 3157 6378]: "I hope you will study this theory according to the original work rather than according to second-hand materials, because this is even easier." Marxist philosophy is a serious and scientific world outlook and methodology. Reading and studying the original works of this philosophy is an important channel to completely and accurately master it. All people who have ever concentrated their efforts on the studying the original works know that although it is more difficult to read the original works than to read the second-hand materials, we can get much more from the former than from the latter. Of course, we do not mean to entirely exclude the study of secondhand materials. It can serve as an auxiliary method of study. But in any case, we should not replace the study of the original works, or the "truth scriptures," with this auxiliary method.

In fact, only by conscientiously studying the original works can we understand the origin and development of the Marxist philosophy and understand its essence. Being a serious and scientific theory, Marxist philosophy has been developing while fighting against all brands of hostile ideological trends and various erroneous trends within the workers' movement, and has been absorbing and transforming all valuable ideological and cultural achievements of the human being. If we do not conscientiously study the original works of Marxist philosophy, and explore the origin and development of all its major principles and basic viewpoints, but just have certain conclusions in mind, we will be unable to make them deeply rooted in our minds. Such things have often happened in our real life. Although some comrades have read a number of philosophy books and can recite from memory the three laws and six categories of material dialectics, they do not know the source and development of these laws and categories and do not know how to apply them in practice. For this reason, when some other people are attacking material dialectics they cannot draw a clear line of demarcation between dialectics and sophistry, or even think that "dialectics means a method for defense." If we have conscientiously studied Lenin's "On the Question of Dialectics" and Mao Zedong's "On

Contradiction," we can certainly understand the objectiveness and universality of the law of the unity of opposites. We can certainly understand that it has been abstracted from natural sciences, social development, and the history of human ideology, and is reflecting the fundamental cause and inevitable trend of the development and changes of all things. Thus we can certainly be able to draw a clear line of demarcation between dialectics and sophistry. According to dialectics, development and changes are the unity of relativity and absoluteness. In relativity, we can find absoluteness. Therefore, all things can be recognized and each can be distinguished from another. But according to sophistry, relativity is exaggerated and absoluteness is excluded. All things are decided by the subjective world and there are no objective standards for distinguishing between right and wrong. All those that can benefit "myself" are good. This is also a means often used by the advocates of bourgeois liberalization and the international reactionary forces. Lenin pointed out: "Dialectics is the most perfect and most profound theory on development" and a powerful ideological weapon of the proletariat in recognizing and transforming the world.

**Studying the original works will help us increase our ability to distinguish between genuine and sham Marxism by comparing truth with falsehood.** Marxist philosophy is permeated with the revolutionary critical spirit. It is thus deeply hated by all brands of reactionary ideological trends of the bourgeoisie. The victory of Marxism in theory has forced its enemy to disguise themselves as Marxists, and to distort Marxism by quoting out of its context under the banner of giving recognition to the Marxist theory. In the name of developing Marxism they are actually negating it, trying to use all kinds of bourgeois philosophy to "supplement," "transform," or "rebuild" it.

If we do not conscientiously study the original works of Marxist philosophy and do not grasp its basic viewpoints through comparing truth with falsehood, we will be unable to make a distinction between the "true scriptures" and the "false scriptures" and overcome erroneous ideas of every description. We may even take those distorted theories for a "new development" of Marxism and protect them. For example, over the past year or so, some people at home and abroad have been advocating bourgeois liberalization and boosting the so-called "human nature" and "essence of man" with all their might. Some have been spreading the idea that "the world is full of love," trying to make people believe in their abstract concept of "love of the human being." Some have been advocating that "all men have the demand for democracy and freedom since they were born. Therefore, democracy and freedom have no national boundaries and no class nature." In fact, when we read Marx's "On Feuerbach's Program" as well as Mao Zedong's "On Practice" and "Talks at the Yanan Forum on Literature and Art," we can find that the abstract "theory of human nature" and "essence of man" had been criticized by the revolutionary teachers long

ago. As Feuerbach was studying man without considering the social nature, class nature, and history of man, he certainly regarded man as pure and natural man and took man's natural attribute as his essence. Marx introduced the viewpoint of practice to the sphere of social and historical studies. Through criticizing Feuerbach's idealist concept on history, he drew a conclusion that all men "belong to a certain form of society" and the essence of man was "the summation of all social relations." In class society, the essence of man has a class nature. Mao Zedong also pointed out: "There is only human nature in the concrete, no human nature in the abstract. In class society, there is only human nature of a class character, there is no human nature above classes." If we conscientiously study the original works, we can gain a further understanding of the scientific viewpoint on human nature through comparing truth with falsehood. In our country today, class struggle still exists in a certain sphere. Moreover, the reactionary forces abroad are trying to realize their scheme of "peaceful evolution" in our country. When we are studying various ideological and political trends, we must continue to use the method of class analysis and must not readily believe in those abstract concepts of "love of the human being" and "democracy and freedom."

**Studying the original works will also help us grasp the mutual relations among various tenets and prevent one-sidedness in recognition.** Marxist philosophy is a perfect and strict scientific system, each of its main tenets forms an organic part of this system. We must try to gain an overall understanding of it. If we one-sidedly emphasize a certain viewpoint to the neglect of its relations with other tenets, we may go counter to the essential spirit of Marxism. For example, on the relationship between economy and politics, Engels made a brilliant exposition in his letter to (Bloch). He said: Young people sometimes attach too much importance to the economy or even believe that "the economic factor is the only decisive factor." Thus, they may turn the decisive role of the economic factor into an abstract and absurd empty word. "The economic situation is the basis. However, there are also many other factors, including the superstructure, which are affecting and under many circumstances deciding the progress of historical struggles." Engels also told his young friends to pay attention to grasp the general theory of Marxism, because "when we are refuting our theoretical enemies, we often have to emphasize the main principles that have been negated by them. On many occasions, we do not have the time, place, and opportunity to attach due importance to other factors. However, the situation will be different when a certain historical period, or the actual application of the principles, is concerned. Under such situation, we are not allowed to make any mistakes." It is thus clear that when studying Marxist philosophy, we must not only remember some basic viewpoints but must also study the background for putting forth these viewpoints, their relations with other tenets, and how they are used at different times and places and under different conditions. For example, after the focus of work of our party

and state has been shifted to economic construction, and the development of productive forces has been taken as the fundamental criterion for examining our work in various fields, those so-called "elite of turmoil" are yet onesidedly emphasizing the criterion of productive forces and negating the four cardinal principles and ideological and political work. Under the pretext of developing the productive forces, they are trying to write off the differences between socialism and capitalism. If we can gain an overall and complete understanding of the Marxist tenets, we will certainly be able to understand that they are, in reality, attempting to make our reform deviate from the socialist orientation and follow the capitalist road.

**To sum up, only by conscientiously studying the original works can we master the true essence of Marxism.** In the current philosophical study, we must conscientiously and assiduously study the original works of Marx, Engels, Lenin, and Mao Zedong as well as the works of Comrade Deng Xiaoping. We must work hard to understand the basic tenets and methods of Marxist philosophy and use them to analyze and solve our practical problems, so that our ideological level can be raised to a new height and our methods and work can be further improved.

#### **Government Enforces Law on Mineral Exploration**

*OW1903204590 Beijing XINHUA in English  
1505 GMT 19 Mar 90*

[Text] Beijing, March 19 (XINHUA)—China has made good progress in granting licenses for mining and mineral exploration, according to the Ministry of Geology and Mineral Resources.

A ministry official said that since the "Law on Mineral Resources" became effective four years ago, China has licensed 10,163 mineral exploration projects.

In the process of registration, he said, the authorities have mediated many disputes over exploration rights and avoided over 600 overlapping projects, saving nearly 100 million yuan.

A registration system for mining was implemented throughout the country last year.

By the end of last year, the authorities had granted licenses to 6,994 state-owned mines and mines under construction, 86.1 percent of the total, and licensed over 140,000 township-run mines, 61.1 percent of the total.

Over 300 mine management bodies were set up in cities at various levels and over 1,700 were set up in counties. Mine supervision stations were also established in many townships.

To speed up legislation on mineral resources management, China will soon issue detailed rules for implementation of "the Law of Mineral Resources" and work out a compensation schedule for mineral resources.



### More Criminal Cases Investigated in 1989

OW2003053590 Beijing XINHUA Domestic Service  
in Chinese 1221 GMT 15 Mar 90

[By reporter Zhou Lixian]

[Text] Beijing, 15 Mar (XINHUA)—Zhang Siqing, deputy procurator general of the Supreme People's Procuratorate, said at a news briefing today that the procuratorial organs throughout the country accepted, investigated, and prosecuted considerably more cases of embezzlement and bribe-taking last year than the year before, especially achieving a breakthrough in handling major and serious cases.

According to the briefing, China's procuratorial organs accepted a total of 116,000 cases of embezzlement and bribe-taking last year. Of these, 58,000 cases were placed on file for investigation and prosecution. Both figures are higher than the year before. Of the 20,700 criminals already arrested, the procuratorial organs indicted some 19,000 to the people's courts and recovered funds embezzled and bribes taken totaling 480 million yuan.

Of the cases placed on file for investigation and prosecution, there were 13,000 major cases each involving over 10,000 yuan in illicit money, and 875 cadres at and above the county and department levels, including 72 department heads and bureau directors, were implicated in the major cases.

Zhang Siqing gave an account of the major and serious cases handled by the procuratorial organs at various levels.

He said: In addition to the bribery case committed by Vice Minister of Railways Luo Yunguang, which was published by the Ministry of Supervision on 9 March after investigation conducted mainly by the Supreme People's Procuratorate, the Supreme People's Procuratorate also investigated a bribery case by Wang Naigang, a deputy department head of the Preliminary Examination Bureau of the Ministry of Public Security. Wang Naigang took advantage of importing a set of equipment, embezzled HK\$345,000 and 23,000 yuan, and used the illicit money to purchase four passports for himself and his relatives. Wang Naigang has already been arrested according to the law.

Among the major and serious cases handled by the local procuratorial organs are as following: Duan Kaisheng, director of the Gansu Provincial Administration for Industry and Commerce, and two other cadres who accepted bribes totaling some 110,000 yuan; Xu Anshun, vice chairman of the Jiangsu Provincial Economic Cooperation Committee, who took a 5,000 yuan bribe; Xu Zhaoen, director of the Yintie Cannery in Jinhua County, Zhejiang and four other cadres who accepted a total of 410,000 yuan in bribes; and He Guoming, deputy manager of the Commercial and Trade Company in Huangpu District, Guangzhou City, who took bribes of nearly one million yuan.

Zhang Siqing also reviewed the progress in handling criminals who had voluntarily surrendered to the authorities during the period specified in the "circular" issued by the Supreme People's Court and the Supreme People's Procuratorate. He said: During this period, a total of 36,171 offenders of economic crime turned themselves in to the procuratorial organs throughout the country. Of these, 25,500 embezzled public funds or took bribes. Since the expiration of the period stipulated in the "circular," the procuratorial organs at all levels have stepped up efforts to investigate and verify cases involving those who surrendered to the authorities, and have implemented policies in accordance with the laws and provisions of the "circular." As of the end of last year, the procuratorial organs indicted 1,010 offenders to the people's courts, and decided to exempt 5,823 from prosecution. The remaining 3,186, whose conduct did not constitute a criminal offense, have been transferred, along with evidence and other materials, to the relevant departments for handling. Zhang Siqing anticipated that the handling of those who surrendered to the authorities during the period stipulated in the "circular" will be basically completed in the first quarter of this year.

After the expiration of the period stipulated in the "circular," some embezzlers and bribe-takers continued to turn themselves in to the procuratorial organs. Between last 1 November and the end of January, the procuratorial organs throughout the country accepted a total of 1,623 cases. Of these, 209 involved illicit money of more than 10,000 yuan; and 34 cadres at the county and department levels were implicated in cases involving a total of 25.72 million yuan in illicit money.

Zhang Siqing indicated that these people who voluntarily surrendered to the authorities will be given lenient punishment according to the law.

### Two New Shows Broadcast on National TV Network

#### Gameshow Highlights Creativity

OW1703212490 Beijing XINHUA in English  
1203 GMT 17 Mar 90

[Text] Beijing, March 17 (XINHUA)—China will hold its first series of "creativity contests" on its national TV network—CCTV, beginning from tomorrow evening.

The contest will not use the format of quiz contests. In the new contest, the most creative, flexible and reasonable answers will be the highest scorers.

Most of the contestants will be high school students from Beijing, Tianjin, Shanghai, Shenyang, Guangzhou and Chongqing.

**Serial on Youth Gains Popularity**

OW1703204990 Beijing XINHUA in English  
0734 GMT 17 Mar 90

[Text] Beijing, March 17 (XINHUA)—A new TV series, "The Season of Flowers", portraying the life and emotions of Chinese middle school students, is being warmly received by Beijing viewers.

Most of the actors and actresses of the 12-episode series were chosen from middle schools in Shanghai. Experts say that although it is the first time for the actors to appear on the screen, their performances are simple, natural and endearing.

A student from Beijing No. 4 Middle School said the series truly reflects what they hear, see and think.

A middle school student's father said that after he watched the series, he found that he knew little of his child. He wanted to make friends with his child. Otherwise, the generation gap will become deeper between them.

**National Conference Held on Polytechnical Schools**

OW2003061990 Beijing XINHUA in English  
1616 GMT 20 Mar 90

[Text] Kunming, March 19 (XINHUA)—China's 4,102 polytechnical schools will recruit 500,000 students this year, 20,000 more than last year.

The schools will offer 495 specialized courses.

Plans for the coming school year are now being discussed at a National Conference of Polytechnical Schools in Kunming, the capital of southwest China's Yunnan Province.

**Science & Technology****Song Jian Speaks at Science, Technology Meeting**

OW1903103290 Beijing XINHUA Domestic Service  
in Chinese 1242 GMT 15 Mar 90

[By reporter Huang Wei (7806 1218)]

[Text] Beijing, 15 Mar (XINHUA)—Speaking today at the Beijing municipal conference on science and technology, Song Jian, state councillor and minister in charge of the State Science and Technology Commission, pointed out: In our effort to further reform and open to the outside world, we must also seek progress and development. We can significantly raise our labor productivity and living standard only by acquiring the latest scientific and technological knowledge, production methods, and technological equipment.

Song Jian said: Advances in science and technology have brought profound changes into the world in the 20th century. Science and technology is instrumental in determining whether a country or a nation can stand tall

among its fellow nations on earth. China must rely on science and technology to realize its four modernization programs, and only reform and opening to the outside world can help accelerate its scientific and technological undertakings.

Affirming Beijing's science and technology achievements, Song Jian said: Beijing's scientific and technological program is the most advanced in the country and should continue to serve as a model and guidance for the whole nation. He expressed hopes that Beijing municipality will carry on its various effective scientific and technological policies and continue to improve them along the way; that it will continue to tap its wealth of talented people and organize scientific research institutes under various ministries and commissions of the central government to serve the economy of the capital; and that it will enact favorable policies for and put great effort into the development of high and new technologies and the promotion of export trade.

**Commentator Discusses Agriculture, Technology**

HK1903042690 Beijing RENMIN RIBAO in Chinese  
6 Mar 90 p 2

[Commentator's Article: "Develop Agriculture by Relying on Scientific and Technological Progress"]

[Text] Since the Fifth Plenary Session of the 13th CPC Central Committee, a new upsurge of attaching importance to agriculture as well as supporting and developing agriculture has been unfolded throughout the country. The State Council promulgated the "Decision on Relying on Scientific and Technological Progress to Develop Agriculture and Promoting the Wide Adoption of Scientific and Technological Achievements in Agriculture," and the decision has evoked strong repercussions in the whole country. In two to three short months, many provinces, municipalities, and autonomous regions have made their own decisions on relying on science and technology to develop agriculture; and many central departments have also taken positive actions by arranging plans and providing financial and material conditions favorable to the scientific and technological projects oriented to agriculture. The national scientific and technological work conference beginning on 2 March also concentrated on this issue in order to further implement the spirit of the instruction issued by the party central leadership and the State Council.

Reform and opening up have brought about an unprecedented situation in which science, knowledge, and people with scientific knowledge are respected. A large number of scientific workers and technicians have gone to the countryside to undertake technical contracts and provide technical services on a large scale. They have also trained a large number of local backbone agrotechnicians. Mass organizations for spreading advanced technologies and techniques have sprung up like mushrooms. These gratifying changes have increased the



proportion of technological progress factor in agricultural production increases from about 20 percent in the 1970's to 30-40 percent at present. Every step of agricultural development is certainly attributed to scientific and technological development. The party and the people will never forget the historic contributions made by the scientific and technological workers.

Scientific and technological progress is becoming a major motive force in agricultural development, and this is a basic characteristic of modern agriculture. In all countries of the world, no matter whether they have more resources per capita or are short of resources, agricultural development is more and more reliant on scientific and technological progress. In the developed countries, the factor of scientific and technological progress has contributed to 60-80 percent of the additional agricultural output. With further development in agriculture, the role of advanced technologies will become more weighty. We should fully understand the important role of scientific and technological progress in promoting sustained agricultural development, and actually do a good job in this respect.

At present, the macroclimate of making joint contributions to agricultural development in the entire society is taking shape in our country. This has also provided a favorable opportunity for our scientific and technological workers to bring their ability into full play. Whether agricultural development can be sustained will depend to a large extent on the efforts and achievements of the scientific and technological circles. The scientific and technological personnel of all industries, all trades, and all departments, especially those with close and direct relations with agriculture, should enthusiastically take part in the great cause of developing agriculture through making scientific and technological progress, and should make concerted efforts with one heart and one mind to accomplish this great cause in contemporary China. All authorities concerned should give warm encouragement and positive support to the agrotechnicians and create conditions for bringing their wisdom and intelligence into full play.

#### **Aerospace Ministry Exports Satellite Generators**

*OW1703232790 Beijing XINHUA in English  
1525 GMT 17 Mar 90*

[Text] Shanghai, March 17 (XINHUA)—The Shanghai Xinyu Power Supply Plant, attached to the Aerospace Industry Ministry, has exported, for the first time, satellite generators.

Last year the company made the generators for a Sino-foreign satellite and won the bid for manufacturing the generators for a Swedish satellite.

These two items are expected to earn 1.5 million U.S. dollars in foreign exchange.

Meanwhile, the silicon solar batteries made by the plant have passed the appraisal of aerospace institutes in Britain and the United States.

The company has provided the power supply for 12 man-made satellites launched by China.

#### **Remote-Sensing Technology To Be Developed**

*OW1703071490 Beijing XINHUA Domestic Service  
in Chinese 1213 GMT 8 Mar 90*

[Text] Beijing, 8 Mar (XINHUA)—In 10 to 30 years, our country will make vigorous efforts to develop modern surveying and cartographic technology with emphasis on the application of satellite remote-sensing technology in order to make astronomical observations as well as land and oceanic surveys more accurate.

According to Chief Engineer Chen Junyong of the State Surveying and Cartography Bureau, a traditional technological system consisting of astronomical observing, mapping, remote sensing, as well as geodetic, photographic, engineering, and oceanic surveying has taken shape in our country. In addition microelectronics, information, laser, and space technologies are being used to conduct experiments on the partial reform of traditional surveying and cartographic technology.

The time before the end of this century and early the next century will be a critical period for the transition from the old technology to the new in our country's surveying and cartographic information and work. The overall strategy for the development of surveying and cartography in our country is aimed at meeting the needs of surveying and cartography in our economic and social development. To achieve this purpose, the state will improve traditional cartographic technology and develop modern cartographic technology as the focal point of its medium- and long-term development plans.

#### **New Method To Prevent Cancer Developed**

*OW2103030490 Beijing XINHUA in English  
0218 GMT 21 Mar 90*

[Text] Shanghai, March 21 (XINHUA)—Researchers in Shanghai have succeeded in developing a nutritious liquid which serves to prevent cancer.

The liquid is made of natural B-carotene extracted from brine algae, said Wu Chaoyuan, a research fellow of the Institute of Oceanography of the Chinese Academy of Sciences.

In addition to B-carotene, the liquid contains 17 trace elements, including vitamins B1, B2 and C, amino acid and zinc, Wu said.

Clinical tests in the United States have shown the incidence of cancer sharply drops when people eat vegetables with rich B-carotene twice a week, said Jiang Xunsen, an associate research fellow of the Shanghai Maxiland Corporation.

The city is organizing mass production of the liquid.

### Scientist Explores New Cause of Heart Disease

OW2103012390 Beijing XINHUA in English  
1454 GMT 20 Mar 90

[Text] Beijing, March 20 (XINHUA)—A leading Chinese scientist has recently proposed that the cause of keshan, a severe form of heart disease, is a virus rather than a lack of the trace element selenium as was long believed.

According to today's "CHINESE SCIENCE NEWS," Professor Guo Keda from the Chinese Academy of Medical Sciences made the discovery after many years of research with animals.

Professor Liang Xiaotian from the Chinese Academy of Sciences corroborated the findings. Animals exposed to the virus exhibit symptoms "surprisingly similar" to humans suffering from keshan disease, Professor Liang said.

Liang said extensive investigation has shown that the disease is related to crop mildew.

He said corn and rice collected from the homes of keshan victims contain varying amounts of the virus.

## Economic & Agricultural

### Article Considers National Debt Policy

HK0103073190 Beijing JINGJI RIBAO in Chinese  
2 Feb 90 p 3

[Article by Wang Yong (3769 0516): "Thoughts Related to China's Policy for National Debts"]

[Text] [Editor's note] This year is the last of the "Seventh Five-Year Plan" period. Our country's economic construction will soon enter the period of the "Eighth Five-Year Plan." During this period, one of the important national financial policies will be to appropriately raise the ratio occupied by financial revenue in the national income, and to solve the problem of the peak period of debt repayment. Whether or not we can, in this period float national loans to repay the old debts, carries an important significance in passing over the financially difficult period and reaching the anticipated results of the improvement and rectification. The article "thoughts related to China's policy for national debts" carried in today's issue of this paper makes a summary of the experiences and lessons learned in our country's floating of national loans in the past nine years and recommends a policy for national debts to be adopted from now on. [end editor's note]

"Government bonds" (briefly called national debts herein) constitute an important tactic for the state to balance financial receipts and expenditures, and to regulate economic development. Since our country's resumption in 1981 of the floating of national debts, for

nine years in succession we have incurred national debts and this has played an important role in balancing financial receipts and expenditures, controlling the issuance of banknotes, stabilizing market prices and strengthening the country's major construction. However, in recent years, due to various causes and influences, the proportion occupied by the state's financial revenues in the national income has fallen rapidly, and the central government's finance has become daily, increasingly reliant on the floating of large amounts of national debts. Simultaneously, the floating of national debts has increasingly met with many difficulties and impediments, resulting in the knitting together of an insufficiency in financial receipts and difficulties in the floating of national debts. Summing up the experiences and lessons learned in the floating of national debts over the past nine years has an important significance in the implementation from now on of a suitable policy for national debts and our country's economic development.

### Floating of National Debts in Our Country Has Been the Result of the Imbalance in Financial Receipts and Expenditures, and Is Also the Comprehensive Reflection of the Contradictions in Finance and Entire Economic Life

In 1981, our country for the first time resumed the floating of national debts. At that time, based on the spirit of the policy on reform and opening to the outside world adopted by the Third Plenary Session of the 11th CPC Central Committee, the autonomous power of the localities and the enterprises was expanded, and a policy of gradually reducing taxes and ceding interests and benefits was adopted. For the sake of supporting the development of agriculture, the prices of agricultural and sideline products such as grain, cotton and edible oils were raised and price subsidies were implemented. Also, regarding the industrial and mining enterprises, reform of salaries and wages was carried out, the system of bonus and awards was resumed, and so forth. As a result, the state's financial expenditures increased sharply, the banks increased the issuance of banknotes and fluctuations in commodity prices appeared. Under such conditions, the state council decided on the floating of state bonds to make up for the insufficiency in financial receipts. This was taken as an important measure for economic stabilization and rather good results were achieved in its implementation.

Since the second half year of 1984, on over-heated growth was seen in our country's economy. Under such conditions, originally, there should have been no gap in national finance, and a portion of the debts could have been repaid ahead of schedule, or a sinking fund for loan repayment could have been set aside. However, due to the influences of the erroneous thoughts and ideas of certain individual leadership comrades in the central government, state finance continued to exhibit the phenomenon of excessive distribution, a gap in financial receipts and expenditures remained, and the state was forced to continue the floating of national debts. This caused the increase of the total amount of national debts

from 4.2 billion yuan in 1984, to over six billion yuan. During this period, although the floating of these national debts played an active role on such sides as making up the budget deficits, ensuring meeting the state's needs for construction funds, and so forth, due to simultaneously enlarging the scale of the issuance of national bonds, the banks failing to cut down the credits and loan plan, plus the excessive distribution in the credit and loan funds of the banks themselves, double inflation in outlay of credits and loans and in financial expenditures appeared on the scene. This played the promotional role of over-heating the economy and currency inflation.

Although in 1986 the state council adopted retrenchment measures to control the problem of the over-heating of the economy, because of such factors as the softening control of the budget, the rigid character of the expenditures and the influences of the overly large rise in commodity prices, plus the continuous appearance on the stage of such measures as tax reduction, ceding of rights and interests, and division of financial power, the increase in financial revenues fell far behind the economic growth rate, and national finance still could not get out of unfortunate dilemma of depending on the floating of large amounts of national debts for the sake of maintenance of normal spending.

#### **Floating of National Debts Facing Restriction From Various Causes**

Some comrades are of the opinion that after World War II, the economic rehabilitation and development of western countries have relied to a large extent, on accumulation from the floating of national loans as the source of their capital funds. At present, the ratio of the balance of the national indebtedness of western countries ranges from 10 to 50 percent of their GNP, whereas at the yearend of 1988 the ratio of the balance of our national debts was less than six percent of our GNP. Hence, there are still plenty of hidden potentials to tap to accumulate capital funds from the issuance of more government bonds. In our opinion, the high or low ratio occupied by the balance of the national debt out of the GNP has great difference when seen from the national conditions of the countries, and we cannot in a simple way, carry out an international comparison. When comparing the scale of our nation debt with western countries we should give full consideration to the following several factors:

1. In our country, receipts from the floating of national debts have occupied too high a ratio out of the financial expenditures for the year concerned. The ratio of receipts from the floating national debts out of the current year's financial expenditures, that is, the degree of reliance of finance on national debts, is an important index for measuring the scale of the national indebtedness. In recent years, the reliance degree on national debts in western countries has been continuously on the downturn whereas in our country, it has been rising. In 1989, our country planned to float various kinds of

government bonds amounting to 26.5 billion yuan. Added to this, the receipts of 16.5 billion yuan from foreign loans, if the whole plan for loans is fulfilled, then in 1989, the country's finance receipts from loans would amount to 43 billion yuan and the reliance degree on national debts would be 14.7 percent, lower than Japan but higher than such countries as the U.S.A., France, Britain, and West Germany.

2. The growth rate in the scale of flotation and balance in our national debt has been too rapid. Western developed countries have a history of several decades, nearly a century, in the large-scale floating of national debts and the balance of their national debts are the accumulations of several decades; whereas in the case of our country the resumption of our floating of national debts dated only nine years back. By the yearend of 1989, counting the amount of capital still unrepaid and interest unpaid of the internal bonds of the central government's finance, plus the balance of foreign loans still outstanding, the total amount of the balance of our national debt will occupy a ratio of 44 percent, or thereabout, of the financial receipts in the current year, and about 75 percent of the financial receipts of the central government. The speed of the increase in the amount of flotation of national debt and the balance of the national debt is extremely frightening.

3. The composition of the national debt of our country is irrational. In western countries, the national debt mainly consists of long-term indebtedness and the repayment date is usually in the neighborhood of 10 years, while some of the national debts have a longer repayment period of 15, 20, or 30 years. In our country, the majority of the repayment periods of our national debts are three to five years and the average period of loans is less than five years. Adopting the method of loan repayment in 10 years against that of three to five years, the difference in the annual amount of loan services on the same amount of indebtedness is several hundred percent and this is indeed an enormous disparity.

4. Compared with western countries, the per capita national income in our country is very small, the proportion occupied by financial receipts in the national income is very low, whereas the burden carried by national finance is extremely heavy. Aside from maintaining the normal expenditures each year, the state must pay out 70 to 80 billion yuan to cover various kinds of deficits and subsidies on prices (the two kinds of subsidies occupy roughly 30 percent of the whole country's financial expenditures). The amount of national finance available for repayment of loans is very limited.

5. In our country the gross demand for capital funds far surpasses supply, and there exists the contradiction of a lack or shortage of funds of a social nature. Moreover, the capacity of funds to meet repayment of loans is limited. In western countries, the per capita income is rather high, the various enterprises and large companies have plentiful funds, various kinds of sinking fund



societies and organs handling retirement funds, insurance funds and so forth have large idle funds, and their principal investment objective for selection consists of such negotiable securities as government bonds. In our country, while theoretically the amount of idle funds is still considerable, in actual economic life the phenomenon of the shortage and lack of funds is exceedingly serious. In particular, the enterprises themselves considered to be the major purchasers of government bonds, are currently facing the double shortage of production funds and circulating funds, and part of the national debts can only be floated through the practice of forced levies.

6. The financial policy and the currency policy are not coordinated with each other. Floating of large amounts of national debts are in conflict with the target of healing currency inflation. Actually, under the conditions of controlling the scale of credit and loan, floating of national debts can, under the precondition of without increasing the gross volume of supply of banknotes and through readjustment of the outlay structure, play the macroeconomic regulatory role on the national economy; but in our country, because at the time of arranging the credit and loan plan, little consideration is given to the effects of floating of national debts on the receipt and outlay of credit and loan, and concurrently with the issuance of large amounts of government bonds no attempt is made to correspondingly reduce the scale of credits and loans, this results in the situation of fighting for funds between the floating of national debts and the banks seeking a source of funds for their credit and loan schemes. The result is that the actual source of funds for the banks' credits and loans cannot satisfy the already established scale of the outlay of credits and loans. This impels the banks to increase the issuance of banknotes and thus aggravates currency inflation. In turn, currency inflation increases the cost of floating the national debts, disrupts the economic environment for such floating operations and eventually impedes their progress.

7. The channel for the floating of government bonds is not smooth and the control of securities is in a state of confusion. In the international financial market, government bonds always enjoy the highest reputation among the various kinds of securities, and are "financial commodities" possessing the minimum risks, being readily negotiable and offering an appropriate rate of benefits. They are doubly well-linked by the investors. Moreover, in western countries, the banking industry and the security trade are well developed, floating of state bonds can easily be absorbed by the banks, companies dealing in securities, investment and trust companies, sinking funds organs and so forth, and within a period of seven to 10 days the sale of an issue of bonds can be completed. The floating work of securities has a rather large flexible character and can readily be suited to the situation of the currency market. On the contrary, in our country, due to the conflicts in the mechanism between the departments, plus the restrictions from the cost of floating and the lack

of the necessary sales organs such as the security companies and so forth, the flotation work of government bonds cannot but depend on administrative measures for promotion. At the same time, in recent years, in various localities inside the country, security-issuing bodies like the enterprises and specialized bank have rapidly increased in number. They scrambled with each other in the conditions of issuance, resulting in the continuous rise in the flotation cost of securities in the whole society. This has weakened the attractive power which government bonds should have, likewise weakened the market foundation of the flotation of government securities, and seriously disturbed the flotation of government securities. These factors have been the important causes of the difficulties in the flotation of government bonds and enterprises.

8. Imperfection in the circulation market of government bonds. The flotation market and the circulation market of government bonds are like the two wheels of a car in the flotation mechanism of government bonds. Neither one of the wheels can be missing. Due to the imperfect flotation mechanism, the flotation of government bonds in our country affects the circulation of government bonds and since circulation of the government bonds cannot be effected, the flotation of government bonds is further impeded. This causes the flotation and circulation of government bonds which should promote each other, to fall into a vicious cycle.

#### **Contradictions and Tasks Facing Our Country's National Debts During the "Eighth Five-Year Plan" Period**

During the "Eighth Five-Year Plan" period, our country's economy will still be in the transition from low-level receipts to medium-level receipts; and in the stage of conversion of consumption from merely being dressed warmly and eating to the fill, to being slightly well-off. In this period, on the one hand it will be necessary to ensure fulfillment of the improving and rectifying work, and on the other hand we must increase the input into agriculture and the basic facilities; ensure the stable development of agriculture; facilitate the upgrading and renovation of industrially manufactured goods; and the domestic production of durable consumer goods. With the addition of the left-overs from the "Seventh Five-Year Plan" period of the serious insufficiencies in educational, and scientific research expenses, deficits of enterprises, and the overly heavy burden of subsidies to commodity prices as well as the post-1990 successive appearances of high peaks in debt-repayment, contradictions in the national financial receipts and expenditures will be ever more prominent.

To solve the contradictions in financial receipts and expenditures and ease the high peaks in debt repayment, internationally, there are three relatively popular methods in use, namely: 1) Increased taxation; 2) Reduced expenditure; and 3) By means of a loan readjustment policy, deferment of the burden of debt repayment. So far as our country is concerned, because the

ratio occupied by financial receipts in the national income is too low, various quarters are currently conducting research work on the topic of raising the proportion of financial receipts in the national income and the principal measures are: Perfecting the enterprise contracted responsibility system, and implementing the diversion of the flow of taxes and profits, and carrying out post-tax contracting; on the basis of abolishing the regulation tax, changing the practice of before-tax repayment of loans to that of after-tax repayments; increasing financial receipts through implementing the compensatory use of the large amounts of enterprise assets and state-owned assets including citizens' residences formed by means of the utilization of state-owned land, mining resources and state investments; strengthening tax collection and control work, strictly enforcing financial and economic discipline, stopping up the serious leakages in financial receipts, and so on. However, aside from strengthening tax collection and control work, sternly enforcing financial and economic discipline and stopping leakages and loopholes in financial receipts, our country's current conditions of the low level of the productive forces, the not-too high benefits yielded by the enterprises; and the large-scale increases in both the number and magnitude of the deficits; the steps taken to heighten tax deliveries by the enterprises cannot be too large. Besides, since any major measure to increase receipts usually requires a procedure of two to three years from planning of the program, estimating, and piloting, to actually producing results, this can hardly be suited to meet the urgency arising from the appearance of the peak period for debt repayment next year. Although there are certain potentials in reducing government expenditures, if there is no big change in the governmental functions or no basic readjustment in the composition of the expenditures, actually there is not much to be done in this respect; first, because of the needs of readjusting the structure, investment put in such basic facilities as energy resources, communications and raw materials, not only cannot be reduced but should also be increased; and second, under the conditions of the large scale increase in commodity prices, expenditures on the social and public welfare departments such as education, science and technology, culture, public health and recreation, national defence, and the judiciary, all need to be increased further. Only administrative expenses and the various kinds of subsidies can perhaps be cut down a little bit, but this will still meet with increasing difficulties. Actually, year after year there have been cries of reduction but yearly increases have been made just the same. The results in this respect cannot be estimated too highly.

Therefore, in the recent period, mending the gap in the financial receipts and disbursements, and easing off the peak period in loan repayment, will have to principally rely on readjusting the policy on indebtedness and shift the debt repayment burden to a later period. Although this cannot basically solve the country's financial difficulties, it will gain time for the fulfillment of the

improving and rectifying tasks, and raising the proportion occupied by financial receipts in the national income. This will be the most important task in our country's national debt policy in the "Eighth Five-Year Plan" period.

#### **Certain Recommendations On Readjusting the Public Debt Policy**

(1) National debt administration must have a unified plan and a long-term target. In recent years, the flotation of national debts in our country was a temporary measure to raise funds under the conditions of the financial receipts occupying too low a ratio of the national income, and the appearance of rather large difficulties in the financial position. As a result, national debt administration has lacked a unified plan and a long-term target. First, a clear-cut workable administrative mechanism and long-term target have been lacking; second, floating of national debts has been dislocated from the banks' currency policy, and credit and loan plan; and third, confusion in the planning of the interest rate, duration, composition and variety of national debts; poor coordinating nature and organic liaison between the different kinds of national debts, causing great difficulties in the flotation and administration of national debts. At present, floating of national debts has become an indispensable constituent part of the state's financial receipts. Even though from now on the country's finance will no longer depend on net receipts from national debts to cover up the gap in ordinary receipts, borrowing new loans to repay old loans will still require the state annually to float 30 to 40 billion yuan of national debts. Hence, be it from lessons learned from the past or the needs of future work, it is urgently required that the state formulate anew, an administrative policy for national debts and that there must be a unified plan for national debt administration, and a long-term administrative and controlling target.

(2) Changing as soon as possible, the method of using administrative tactics in the floating of national debts and establishing anew, the high position of national debts in the minds of the populace. At present, the difficulties in the floating of national debts are principally caused by the low repute of national debts, their inferior conditions, and poor services, all of which are conditions which can hardly be suited to the needs of the future floating of national debts. Hence, from now on the floating of national debts should take as the center, the establishment of the reputation of government bonds and accomplish the feat of making the conditions of the floating of national debts abide by whenever and wherever possible, the market, and making market management serve the purposes of the floating of national debts. Consequently, administration and management of national debts should perform the following jobs well: 1) The national indebtedness floated or levied on the enterprises is actually in effect a measure of centralizing funds under the conditions of national finance having overdone tax reduction and ceding of interests and financial receipts being insufficient to meet expenditures. From

now on, regarding this type of problem of readjusting distribution, the best way is to seek a solution through the form of taxation. This can avoid the disrepute of the state imposing levies on the enterprises, and at the same time can, reduce the debt burden on the part of the national finance. It is beneficial to recovering the repute of government bonds. 2) Regarding the bonds and securities issued to individuals and various kinds of sinking funds, we should, based on the idle and lapse conditions of social funds, formulate plans for different kinds and varieties, with different periods of repayment, so as to suit the needs of the purchasers. In the current situation of a relatively serious currency inflation, on the one hand, certain short-term and medium-term bonds should be increased; and on the other hand, in respect of the longterm idle funds such as the balances of social insurance funds, there should be a clear prescription that only longterm 10 to 20 year bonds can be bought or sold so as to ease the current peak period for repayment of loans. 3) Planning of the level of interest rates of national debts on the basis of the market interest rate. 4) Securities issued by enterprises and civilian bodies should possess the element of risk. When an enterprise closes its door or goes bankrupt, buyers of its bonds bear their own risks. 5) Under the conditions of the gradual realization of the above-mentioned reforms, we should as soon as possible, change the method of using administrative measures in the floating of national debts so as to recover the lost position of national debts in the minds of the general populace.

(3) Strengthen the cooperation between finance and banks. Establish as soon as possible, an internal security market with government bonds as the main body. Floating of national debts is a combination department signalling the mutual coordination and adjustment between financial and currency policy. As a matter of fact, in the event of financial difficulty, floating of national debts is a sort of transfer of bank deposits and directly affects the scale of credits and loans, and the issuance of banknotes. Hence, finance should do the utmost to effect balancing of receipts and disbursements, and to reduce the floating of national debts. At the same time, under the conditions of the appearance of budget deficits and mending that must be made, banks should cooperate with finance to perform a good job of the floating of national debts. If fulfillment of the floating task is not up to anticipation, finance can only overdraw from the banks and this will affect the banks' control of the scale of credits and loans, and the issuance of banknotes all the more. Therefore, under the conditions of society being stringent in funds, a great conflict in the supply and demand of funds, and the various enterprise units competing with each other to issue bonds and to raise the interest rate of their bonds, it is a must that we strengthen the cooperation between finance and the banks; and to set up as soon as possible, a domestic security market with national bonds and securities as the main body in the transactions. On the side of coordinating with finance in performing a good job in the floating of national loans, the banks should perform the

following lines of work well: 1) The effects of the floating of national debts on the receipt and disbursement of social, and credit and loan funds, should be incorporated into the credit and loan plan of the banks, otherwise currency inflation will be aggravated and this has an important bearing on the current tense money situation and the target of improvement and rectification. 2) Receipts from the floating of national debts mainly consist of the transfer of bank deposits. Particularly with the emergence of the value-preservation savings scheme, the functions of specialized banks in readjusting the structure of deposits through the issuance of securities and bonds have been daily lowered. Under such conditions, specialized banks which take as the principal source of funds the absorption of deposits, should soon retire or withdraw from the security market, concentrate their strength on doing the job of absorbing deposits well, and thus reduce the competition between ordinary bonds and government bonds. 3) Strengthen the management and control of enterprise bonds and stocks, and the social raising or merging of funds, and sternly control the issuance of bonds and debentures by enterprises and competition in raising the interest rates of these bonds and debentures. 4) Under the conditions of further improvement in the conditions of the floating of national debts, such floating work should be contracted to the specialized banks to the end that whether or not the floating work has been done well is directly linked with the specialized banks' profit retention or credit and loan plan; thus solve the problems of the contradiction between the floating of national debts and the contracted tasks of specialized banks such as the absorption of deposits and the lack of enthusiasm on the part of the network points of specialized banks for the floating of national debts, and the handling or cashing of the bonds and debentures. In the event that the specialized banks have difficulties in contracting for the floating of national debts, we may consider letting the Finance Ministry organize a specialized company dealing in securities and held responsible for the floating, circulating, handling and cashing of the debentures and bonds.

(4) In the situation of the gradual perfection of the market for the floating of national debts, open up on all fronts, the circulating market for government bonds and debentures. Due to the effects of the floating market and the rise in commodity prices, the work of opening up the circulating market for government bonds and debentures has been greatly restricted. If opening up is done blindly, the prices in transaction will necessarily fall on a large scale. This will not be beneficial to the floating of new national loans. On the other hand, if the circulating market is not opened up for a protracted period of time, then the bonds and debentures lose their circulation character, and when the holders are in need of funds, they will find it difficult to have the securities cashed on time. This will place the holders in a dilemma and in turn, will adversely affect the floating of new government bonds and debentures. Hence, under the conditions of the gradual improvement and perfection of the flotation



market, and when there is a drop in the scale of the rise in commodity prices, we should speedily, in a planned manner, systematically and on all fronts open up the circulation market for government bonds and debentures. At present, it is estimated that the balances of the various kinds of securities existent on the market amount to a total of over 100 billion yuan. Deducting the amount of short-term expenditures and bonds of say a one-year term, which are not of a highly circulating character, the balance amount of the government bonds and debentures are about 80 percent of the aggregate balance of all the securities and bonds. Once the circulation market for government bonds and debentures is enlivened, the whole security market will also be enlivened.

(5) In looking for the basic way out for easing the burden of our country's national debt, solution of the above-mentioned problems can only create beneficial conditions for expanding the flotation of national debts and easing the peak period in debt repayment which will be shortly due and cannot solve basically, the problem of the daily increasing debt accumulation and debt burden. Solution of the debt accumulation and debt burden is a problem related to a very wide area and is exceedingly complex. But speaking about the debts themselves, the basic way out in easing the national debt burden lies in the use with compensation, of the national loan funds. This can make the funds, otherwise used once and for all, become "living water," reduce the burden of principal-repayment and interest-payment by national finance, and accomplish the purpose of rearing loans with loans.

### National Economic Restructuring Meeting Held

#### He Guanghi Speaks

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[Excerpts of a speech by He Guanghui (6320 0342 6540) at the national meeting on economic restructuring: "Continue to Deepen Reform by Centering on Economic Improvement and Rectification."]

[Text] Abstract! Major points of speech:

The gradual establishment of an operational mechanism which unites planned economy with regulation by market mechanism, is the crux of the reform of the economic structure.

The contents, measures, and steps in the reform must be beneficial to the realization of the tasks and targets of improvement and rectification.

Strengthening the vitality of the enterprises is the basic condition for stabilizing the economy and realizing the targets of improvement and rectification.

Appropriately strengthening centralization and planned guidance is for the purpose of establishing a balance in

the gross volumes and ameliorating the structure, and is not the regression or stoppage of reform.

Structural reform departments are the comprehensive functional structures for making unified arrangements for, and coordinating, the economic restructuring work. [end abstract]

The principal topic for discussion at this work conference on national economic restructuring is how to deepen the study and implementation of the spirit of the fifth plenary session, and how to truly unify ideology and understanding on the "Decision of the CPC Central Committee on Furthering the Improvement and Rectification and Deepening the Reform." This decision of the Central Committee started from reality; it made a deep analysis of the current economic situation and pointed out that overcoming the current difficulties; continuing to push the target, task, and ways and means of socialist construction; and reforming enterprises constituted the guiding policy for reform, opening up to the outside, and reform work in the coming several years. We must firmly implement and earnestly carry out the target and various tasks surrounding improvement and rectification; continue to deepen the reform; push the national economy onto the track of sustained, stable and coordinated development; and definitely assure the smooth realization of the second-stage target of the strategy for our country's economic development advocated by Comrade Deng Xiaoping. Below I shall offer several of my viewpoints:

#### First, an Estimation of the 10 Years' Reform and Opening Up to the Outside World

The "Decision of the CPC Central Committee on Furthering the Improvement and Rectification and Deepening the Reform" very clearly pointed out: Over the 10 years since the Third Plenary Session of the 11th CPC Central Committee, we took economic construction as the center, firmly insisted on the four cardinal principles, firmly insisted on reform and opening to the outside world. Our economy achieved a sustained development, our national power manifestly increased, the standard of living of the urban and rural residents was obviously improved, various enterprises all achieved enormous accomplishments, and the countenance of the whole country went through deep-going historical changes. Actual practice has fully testified that under the leadership of the Party Central Committee and the State Council, the 10 years' reform and opening to the outside as well as firmly insisting on the socialist correct direction pushed the development of the social productive forces and obtained gigantic accomplishments seen, and envied, by the whole world.

As everybody knows, the chief architect of China's reform and opening to the outside world is Comrade Deng Xiaoping. In his capacity as the nucleus of the second-generation leadership body of the party Central Committee—when the disasters of the "Great Cultural Revolution" had just occurred—using the foresight, courage, and resourcefulness of a proletarian revolutionist and heeding the demand of historical development, he advocated the strategic task of building

socialism with Chinese characteristics; formulated the general guideline and policy of reform and opening to the outside; led the whole Party and people of the entire country to firmly open the steps to reform and opening up; and created a brand new situation for the socialist enterprise. Our Party carried out determined and powerful leadership over the reform and opening up. All the important policies, guidelines, and important experiments with a bearing on the whole situation were collectively decided upon by the party Central Committee and the State Council and were organized for implementation by the party Committees and governments at various levels. This as a whole, ensured that reform and opening up developed in a healthy manner along the socialist direction.

From the basic road and actual results of the reform and opening up, it can be more clearly seen that because the reform initially readjusted the relations between the productive forces and production—as well as the contradiction between the economic foundation and the upper structure, the relations between the central government and the localities, and between the state and enterprises—and also aroused the activism of the masses, new vitality was injected into the national economy and thereby greatly strengthened the economic foundation of the socialist system.

The noteworthy point in our country's economic restructuring is, first of all, the strengthening of the vitality of the basic economic unit of the public ownership system in the urban and rural areas. The rural reform which takes the main content of implementing the system of contracted responsibility on the household basis with remuneration linked to output, on the precondition of firmly insisting on collective ownership of the basic means of production including land, has stirred up the labor enthusiasm of the vast masses of peasants, liberated the rural productive forces, and pushed our rural economy onto a new stage. In urban reform, the enterprise has been taken as the center and the major points consisted of readjusting the relations between the state and the enterprises, expanding the autonomous right in production and operation of enterprises under the public ownership system, strengthening their responsibilities, acknowledging their relatively independent economic interests, and pushing the enterprises to gradually step on the road of autonomous operation so as to be solely responsible for their own profits and losses, self-restriction, and self-development. The series of reform measures emerging from all this have obviously elevated the strength and quality of the economy of the public ownership system, making it more consolidated and much stronger.

Putting the basis on the level of productive forces in the initial stage of socialism to suitably readjust the structure of the ownership system, under the precondition of firmly insisting on taking the public ownership system as the principal body, has pushed the development of various forms of economic constituents. According to statistics, in the industrial gross output value of the

whole country in 1988, enterprises under the system of ownership by the entire people occupied 56.6 percent, collective ownership system 36.4 percent, with the two totalling 93 percent and the remaining economic constituents occupying only seven percent. In the gross volume of retail sales of social commodities, the entire people ownership system occupied 39.5 percent, collective ownership system 34.4 percent, with the two totalling 73.9 percent and the other economic constituents occupying 26.1 percent. Of the fixed assets of the whole society, the proportion occupied by the individual and private economy has also been rather small. All this clearly shows that be it in the production sector or the circulation sector, the economy of the socialist public ownership system has been absolutely predominant and displayed the leading role, and that the appropriate development of individual economy, private economy, and other economic constituents is a beneficial supplement to the socialist economy. Suited to the structure of the ownership system, the structure of the social distribution system still has distribution according to work as the main body while other distribution forms have served only as the accessory supplements.

Under the guidance of the basic theory of our country's socialist economy being a planned commodity economy, on the foundation of the public ownership system, our efforts have made an initial development in probing the establishment of an economic operational mechanism as well as a macroeconomic adjustment and control structure which seeks the organic union of commodity economy with regulation by market mechanism. At the present stage, our economy is no longer the traditional planned economy of the past which was over-centralized, repelled commodity and currency relations, and singly depended on administrative measures. All the more, it is not a market economy which makes spontaneous regulation on the basis of the private ownership system. In our country, the economic life line is held in the hands of the state, and the important economic activities are carried out under the guidance of the state plan, but the market is also playing its regulatory functions in an extensive area. The form and tactics of planned control are carrying out initial reform according to the innate regulations of the socialist commodity economy. Aside from exercising direct control of the planned targets, legal and economic measures, and policies in finance, currency, price, and distribution have played an increasing role in the macroeconomic adjustment and control structure.

Reform and opening up have effectively promoted the development of the social productive forces of our country. Calculated according to comparable prices, from 1970 to 1988, the GNP averaged an annual increase of 9.6 percent. This was noticeably higher, not only over the average annual increase of 6.1 percent in the GNP for the years from 1953 to 1978, but also over the growth rate of 2-4 percent in the same period of the majority of world countries. In 1988, our country's gross import and export volume exceeded the enormous mark



of \$100 billion, an increase of 400 percent over 1978. In these 10 years, after deducting the price increase faction, the peasants' per capita net income averaged an annual increase of 11.8 percent, and the urban residents' per capita income average an annual increase of 6.5 percent. We can entirely say that in the 10 years of reform and opening up to the outside, it was the 10-year period during which production developed most rapidly since the establishment of the PRC, the national economic strength increased the most, the people's standard of living improved most noticeably. It was also a 10-year period of the glorious and shining socialist system. Just as Comrade Deng Xiaoping pointed out: Where did the 10 years' successes come from? They came from the reform and the opening up to the outside. Without the reform or opening up there would be no hope. After the suppression of the counterrevolutionary riot in Beijing, Comrade Jiang Zemin, repeatedly emphasized on behalf of the nucleus of the new central leadership group that the general guideline and policy of reform and opening up would not be changed, and that all the various relevant policies would be firmly and irrevocably implemented and would gradually be improved in the course of actual practice.

Socialist reform and opening up are creative enterprises without any historical precedent. Like all big and important changes in history, different kinds of problems are likely to be generated. Errors may even occur. All this conforms with historical dialectics. For example: When we studied and pushed the reform, we lacked an all-round and deep understanding of the national conditions and national strength, and in thought and action we were prone to seek quick and immediate results. In the course of reform of the economic structure which had controlled too much and too strictly, we neglected that a suitable degree of centralization was also necessary. Concurrently with emphasizing microeconomic invigoration, we neglected the need for a comprehensive balance and strengthening of the macroeconomic adjustment and control, while formation of the legal statutes and the necessary management work also failed to keep up with the pace. The connection and coordination of the various reform measures were not good enough, even to the extent of contradicting each other and failing to achieve the anticipated results. On the one hand, we should see that these problems had grown in the course of advance and that when compared with the results, they were the branch currents and could be entirely overcome; on the other hand, we should fully and adequately consider these problems and accomplish what Comrade Deng Xiaoping had demanded of us: "We must earnestly sum up the experiences, continue to insist on the correct ones, rectify the erroneous ones, and make up for the insufficient ones," to the end that the steps of the reform and opening up to the outside can be steadier and better.

**Second, Perfecting the Socialist Economic System and Gradually Setting Up an Economic Operational Mechanism for the Union of Commodity Economy with Regulation by Market Mechanism**

Taking economic construction as the center and firmly insisting on the four cardinal principles as well as on

reform and opening up are the central contents of the Party's basic road in the initial stage of socialism. They are based on Comrade Deng Xiaoping's thoughts throughout, and are a highly scientific conclusion of the Party's road, guideline, and policy since the Third Plenary Session of the 11th CPC Central Committee. The four cardinal principles, serving as the foundation of our country's existence, have clearly prescribed the nature and direction of the reform and opening up and basically ensured the correct implementation and execution of the general policy, while the reform and opening up—based on the realistic level of the social productive forces and further demand—have consciously readjusted the portion of the production relations not suited to the productive forces and the portion of the upper structure not suited to the economic foundation. This is the self-perfection of the socialist system and the necessary road to socialist modernization. These two basic points surround this center of socialist modernization, are dependent on each other, connected to each other, and form an organic united body. If we only talk about reform and opening to the outside, and overlook and depart from the four cardinal principles, the correct political direction will be lost and there will be slanting to the wrong road of capitalist liberalism. On the contrary, if the four cardinal principles depart from reform and opening up, then they will lose their contents of the era and become empty things, while the strong points of socialism cannot be displayed fully and the four cardinal principles cannot be truly and firmly insisted upon.

In perfecting the socialist economic system, an extremely important problem is how to correctly understand and handle the relations between planned economy and regulation by market mechanism. The decision of the fifth plenary session has clearly pointed out that our socialist economy is a planned commodity economy on the foundation of the public ownership system. The pivotal problem of the economic restructuring is the gradual building up of an economic operational mechanism which is suited to our national conditions for the union of planned economy and regulation by market mechanism. This is a big and important theoretical problem, and a practical problem requiring us to go through a prolonged and tedious probing before we can solve them gradually.

Under socialist conditions, planned economy and regulation by market mechanism should be united organically and they can be so united. Since socialist economy takes the system of public ownership of the means of production as the main body, this determines that the state must carry out the planned control of the national economy as a whole or in the aggregate. At the same time, the economic relations between the enterprises take commodity production and exchange of commodities as the links, with planned control and regulation by market mechanism jointly playing their role in the production and operational activities of the enterprises. From this it can be seen that planned economy and

regulation by market mechanism are not opposed to each other and that at all time we should unite the two together.

The building of the operational mechanism for the union of planned economy and regulation by market mechanism requires a longterm and complex procedure. At different development stages and under varying economic conditions, the degree, form, and scope of the union of planned economy and regulation by market mechanism cannot be the same. They must be constantly readjusted starting from reality and be continuously improved. Following the 10 years' reform, our country's economic operational mechanism and control structure have gone through vast changes. With the coexistence of various kinds of economic constituents and many kinds of operational forms employing the public ownership system as the main body, the scope and role of the market have expanded. We must be suited to the new conditions, and must study and grasp the new form and method of the organic union of planned economy and regulation by market mechanism. Economic activities in the macroeconomic sector pertaining to the balancing of the economic gross volumes and important structural readjustments must be subjected to the state's unified planned control. Regarding large backbone enterprises owned by the whole people with a bearing on the national economy and the people's livelihood, the state should exercise more direct and planned control, create normal conditions for their production and operations, but at the same time require of them to bear the responsibilities that they should have. Naturally, this kind of planned control should conform with the law of value and respect the proper rights and interests of the enterprises. Regarding individual households, private enterprises, and enterprises of "three capital sources" we must mainly rely on laws, regulations, and the relevant policies to carry out control. In respect of the prices, production, supply and marketing of a minority of energies, raw materials, and consumer goods of people's basic living, we must strengthen through planning their management, adjustment, and control. As for other general commodities, under the preconditions of the state controlling the social gross demand and carrying out the necessary guidance and supervision, principally the enterprises, based on the market supply-demand relations, should themselves autonomously make the decisions on production and operations.

At the improvement and rectification stage, for the sake of effectively checking the social gross demand and controlling currency inflation, it is necessary to emphasize a suitable degree of centralization and strengthen direct planned control over a portion of the economic activities. By the time of the relative balancing of the macroeconomy and a relative stability in economic development and the market, then it may be possible for the state to reduce to a certain extent the direct control over the enterprises and the market and the economic levers, and regulation by market mechanism may play a bigger role. But all these changes do not depart from the

general guiding principle of the union of planned economy with regulation by market mechanism. We should adequately understand and implement this principle, and both in theory and actual practice should strengthen the research and probing of while continuously enriching and developing its contents. We should, as soon as possible, set up an operational mechanism for the organic union of planned economy with regulation by market mechanism which can push the sustained, stable, and coordinated development of the socialist economy.

### **Third, Correctly Understand and Handle the Relations Between Improvement and Rectification and Deepening the Reform**

Basically speaking, improvement and rectification and deepening the reform are unanimous. This unanimity is manifested in that both are not purposes. They are both meant to push the sustained, stable, and coordinated development of the national economy whereas economic stability is the foundation of political and social stability. Without a stable situation, nothing can be done. Stability is above all. Regarding this point, in recent years we can find an even deeper manifestation. Since the second half of 1984, the economy has been over-heated, social gross demand exceeded gross supply, and particularly since 1987 the economic structure has been out of balance, the market order has been in confusion, the social distribution has been unjust, and the currency inflation has been aggravated all of which were topics of great discontent on the part of the extensive masses of people. If such a state of affairs is not changed but allowed to continue to develop, then not only will reform, opening to the outside, and economic construction be damaged but our strategic target of becoming fairly well-off by the end of this century and entering into the ranks of the medium-developed countries by the middle of the next century will fall apart. It will also will affect stability and unity, and cause reverberations in the minds of the people and in society. Precisely because of this, in September 1988 the Third Plenary Session of 13th CPC Central Committee decided on improving and rectifying the national economy and the fifth plenary session decided on further improving and rectifying and deepening the reform. All this was entirely necessary and absolutely correct.

Sometime in the past, certain comrades who did not have a sufficient understanding of the necessary and urgent nature of improvement and rectification were worried that improvement and rectification would affect the reform and opening to the outside. This was a great mistake. At a time of instability in the economy and society, reform and opening to the outside cannot be pushed smoothly nor can the anticipated results be obtained. However, improvement and rectification are precisely for the purpose of creating the indispensable conditions for stabilizing the economy and deepening the reform. The central authorities have repeatedly stressed that improvement and rectification are not going back along the old road but must be carried out on

the precondition of firmly insisting on the general guideline of reform and opening to the outside. Moreover many of the improvement and rectification measures themselves are the steps in the actual practice of the reform. Improvement and rectification are not in contradiction against deepening the reform. They and deepening the reform should serve as conditions for each other and complement each other. Not being active enough in improvement and rectification is not being active enough for reform. Each and every comrade should have a definite and clear understanding of this.

For three years or even longer, we should concentrate our strength on improvement and rectification while reform should be carried out around improvement and rectification and to serve them—that is, the contents, measures, and steps in reform must be subservient to the general scope of improvement and rectification and must be beneficial to the realization of the tasks and targets of improvement and rectification. This should be a basic guiding thought in reform work in the next few years. In the improvement and rectification period, reform should not seek something new or fast but should firmly grasp the three major points of the party Central Committee: “decision;” being down to earth; and doing more of the real, intensive and detailed work. Any rash feelings that may be generated should be closely watched and eliminated. Even after completion of the improvement and rectification tasks it will still be necessary to firmly insist on the close union of the present conditions and demands of reform and opening to the outside along with economic development, in order to serve economic development. The various reform measures must be beneficial to promoting the sustained, stable, and coordinated development of the national economy. At the same time, in arranging for the economic plan it is necessary to watch its coordination with the reform and create the necessary environment and conditions for the reform.

Following the firm decision of the Third Plenary Session of the 13th CPC Central Committee on carrying out improvement and rectification of the national economy, in a year initial results have already been achieved. Overheating of the economy has been controlled. Compared with the corresponding period of 1988, the industrial growth speed dropped from 20.7 percent that year to around seven percent in 1989, the scale of investment in fixed assets has been cut down to around 10 percent, the rise in commodity prices has been softened month after month, and the retail sales index figure for the fourth quarter of 1989 has dropped to a single numerical figure. The condition of the returned flow of money to the treasury has been better than anticipated, while the market order has been improved. However, it must be remembered that the problems emerging in the national economy had been accumulating for several years and it was impossible to solve them thoroughly in a short period of time. At present, the major factor causing the economic instability has not yet been basically removed and the enormous surplus purchasing power may at any

time launch an attack on the market and cause another rise in currency inflation. In economic life, certain deep-layer contradictions have not been truly solved and we are far from being able to claim that the national economy has freed itself from the difficult predicament. Moreover, in the course of solving the original problems, certain new conditions and new problems which were entirely unexpected have emerged such as weakness to market sales, serious stockpiling of a portion of commodities, too sharp a reduction in the growth speed of industry, an increase in the number of enterprises in the state of stoppage or semi-stoppage of production, the failure of economic benefits of enterprises to improve, and so forth. In the next stage of improvement and rectification it will be necessary, under the precondition of continuing to control the gross volumes, to put the emphasis on such work as structural readjustment and elevating the benefits, and the difficulties here will be immensely greater. Only through acquiring noticeable results in this connection will it be possible for the national economy to depart from the vicious circle and go into a benign cycle. To achieve this aim, it is necessary to rely on deepening the reform and gradually set up an economic operational mechanism that is full of motive power and vitality, possesses strong balancing and restrictive power, and can push the full utilization and rational circulation of the essential factors of production. Therefore, in the improvement and rectification period, reform and opening to the outside to not occupy a passive or secondary position. If there is deviation, the deepening of the reform which is the target of improvement and rectification will not be satisfactorily realized. This year is the key year for improvement, rectification, and deepening the reform. We must advance a step further toward the target of improvement and rectification and make the various reforms achieve new results in deepening and perfection.

#### **Fourth, Continue the Deepening of Enterprise Reform**

Strengthening the vitality of enterprises, particularly the vitality of large- and medium-sized enterprises under the system of ownership by the whole people, is the central link in the economic structural reform with the cities and towns as the major points. It is also the basic condition for stabilizing the economy and realizing the targets of improvement and rectification. We must firmly grasp this central link and continue the full-scale deepening of enterprise reform. This is also a problem for emphatic study and deliberation at this meeting. I would like to stress only four points:

—Firmly insist on and perfect the various forms of the enterprise contracted operation responsibility system.

Actual practice has shown that in these few years the contracted operation responsibility system carried out by industrial and commercial enterprises has generally produced good results. These various kinds of operation forms have played an active role in various aspects, such as arousing the activism and enthusiasm of the enterprises and their staff members and workers as well as



ensuring and protecting the state's financial revenues particularly in regard to currently increasing supply, restricting demand, and overcoming economic difficulties. On the surface, currently no other forms can replace them. Therefore, in the improvement and rectification stage, regarding the contracted operation responsibility system it must first be stabilized and then be perfected. That is to say, it is necessary to maintain the stable and continuous character of the contracted operation responsibility system. Stabilizing the contracting system is equivalent to stabilizing the enterprises, and stabilizing the enterprises stabilizes the economy and thereby stabilizes the social and economic situation. Concurrently with stabilizing, we should earnestly sum up experiences, keep the strong points and remove the weak points, and continuously proceed with developing and perfecting. Regarding enterprises, whole contracts will soon expire and they should be subjected to all-round auditing and, in accordance with the actual conditions, be divided into categories and put on the waiting list. After making due readjustments and amplifying the contents of the contracting, they should either be allowed to renew their contracting period, be shifted to roving contracting, or be changed to a new round of contracting altogether. At the same time we must do a good job in the continuation and succession work.

Developing and perfecting the contracted operation responsibility system must on the one hand be beneficial to enlivening the enterprises' production operations, facilitating their technological progress, and strengthening their management, and on the other hand help in increasing the financial revenues of the state and ensuring the keeping of the state-owned assets intact and their increment in value. Therefore, it is necessary to follow the standardized contracting methods (contracting regulations) and appropriately readjust the contracted base figure and delivery ratio, perfect the target assessment system, and rationally use the enterprise's profit-retention so as to ensure the stable increase in the state's financial revenues and the continuous strengthening of the development stamina of the enterprises. We should also improve and perfect the method of the linking of industrial effects and the methods of distribution, reward, and punishment vis-a-vis the operators or entrepreneurs and prevent the over-rapid increase in consumption funds as well as unjust distribution.

—Firmly insisting on the plant head responsibility system.

As the representative of the enterprise's legal person, the plant head must hold full responsibility for the enterprise's production and operations. At the same time, he must take care of the ideological and political work and grasp concurrently the two civilizations. In actual economic life, the plant head responsibility system and the enterprise contracted operation responsibility system are closely united. Without the plant head responsibility system, the enterprise contracted operation responsibility system cannot be implemented. In order to stabilize the enterprise contracted operation responsibility

system, it is necessary to stabilize the plant head responsibility system. This is an extremely important problem, and we must handle well the party and administrative relations inside the enterprise. We must strengthen the political and ideological leadership functions of the enterprise's party organ and fully display the ensuring and supervisory role of the party organ. The plant head and the party secretary must support each other and closely cooperate with each other. There must not even be any dispute over who is in charge. The enterprise must wholeheartedly rely on the working class; strengthen democratic management; display the role of the extensive mass of workers as masters of the houses; and stir up their enthusiasm, initiative, and creativeness to perform well and in full cooperation with each other the various kinds of work of the enterprise.

—Further doing well lateral association, developing enterprise groups, and pushing the structural readjustment of enterprises.

In the improvement and rectification stage, due to macroeconomic retrenchment and depression of demand, the sale of certain products of the enterprises is not as smooth as before. This forces the enterprises to readjust the structure of their products, improve their quality, and lower their cost of production. Certainly the enterprises which themselves cannot carry out structural readjustment will find it difficult to pass the days. Under such conditions, the opportunity should not be lost through ameliorating the enterprises' organizational structure to push readjustment of the industrial structure and the structure of the products. This is not only necessary but also entirely possible. We must grasp this opportunity to push combination and reorganization, develop enterprise groups, realize the rational circulation and ameliorated organization of the essential factors of production, and fully display the economic benefits of the existing assets. We must solve, by means of measures such as administrative guidance and policy slanting, the new problems arising in the course of the combination and reorganization of enterprises. Structural readjustment of enterprises is a good combination point for improvement and rectification with the deepening of reform. If it is possible to take relatively big steps in this connection, then it will be possible not only to effectively push the realization of the targets of improvement and rectification but also to obviously improve the industrial structure and the structure of the products and to elevate the general benefits of the national economy.

—Deepening internal reform of the enterprises, strengthening internal management, and elevating economic benefits.

The various localities have reflected that currently the difficulties and pressure confronting the enterprises are rather great. The enterprises not only must organize production and operations and provide the state with by far the largest portion of financial revenues but also

shoulder the social functions of labor employment, medical facilities, and retirement benefits. In the improvement and rectification stage, in principle there cannot be further tax reduction and ceding of interests in favor of enterprises. Under such conditions, in order to elevate the economic benefits of the enterprises—aside from stabilizing and perfecting the contract system and the plant head's responsibility system—the basic way out is to turn the eyes inward, intensify internal reform, strengthen internal management, augment business accounting, and tap the potentials of the enterprises themselves. Comrades working in the enterprises must be all of one mind, rigidly observe the discipline, jointly map out plans for the enterprises' survival and development, do tedious and hard work, and exert all efforts to pass the difficult days. Departments in charge of the enterprises and the comprehensive economic departments must give more thought to the enterprises, serve them more, help to solve their difficulties, and firmly rectify such phenomena as wantonly collecting fees, imposing levies at random, or imposing fines unreasonably.

**Fifth, Gradually Setting Up a New Macroeconomic Adjustment and Control Mechanism and Rectifying and Improving Market Order**

In the improvement and rectification period, reforms in the macroeconomic adjustment and control sector should manifest a suitable degree of strengthening centralization and strengthening demand for planned guidance. For example, the scope and relative weight of mandatory planning should be appropriately enlarged, the categories and quantities of resources under the state's unified allocation should be increased, and the direct planned control of large and medium-sized enterprises and enterprises groups should be augmented. The power of sanctioning investment should be suitably retracted upward and at the same time we should, in accordance with the industrial policy, start the collection of the regulatory tax on the direction of investment. On the side of finance, in addition to adopting relevant measures to readjust the distribution relations between the state and the enterprises, business units, and individuals we should readjust the distribution relations between the central government and the local governments and suitably raise the "two ratios," (ratio of the state's financial revenues in the national income and ratio of the central government's financial revenues in total financial revenues). On the currency side it is also necessary to strengthen centralization and unification, strengthen the macroeconomic controlling power of the central bank, exert rigid control over the scale of loans and the amount of banknotes issuance and assign the specialized banks to the guidance and control of the central bank. Other powers such as control of commodity prices, control of foreign trade operations, and control of foreign exchange and foreign loans should also be suitably centralized.

This being the case, does it imply stopping the reform because we no longer need it? Certainly not. We must

understand the following several points: First, these are measures which must be adopted under the serious situation of imbalance in the economic gross volume, structural dislocation, and confusion in social order. At present, in order to effectively cut down investment demand and consumption demand and within a short time to effectively control currency inflation, and speed up the readjustment of the industrial structure and the organizational structure of the enterprises, all these cannot be accomplished without a suitable degree of centralization and without powerful and forceful macroeconomic adjustment and control. Second, a portion of these measures are of a periodical nature. They may be suitably readjusted when and as the improvement and rectification targets have been realized and the economy has been stabilized. But a certain portion of the basic means of living such as energy, communications and transport, important raw materials, grain, cotton, and edible oils, according to our national conditions, will for a considerable length of time have to principally depend on planning for regulation otherwise there will be no way to ensure economic and social stability. These measures of making suitable centralization also conform with the direction of the reform. Third, the current emphasis on suitable centralization does not negate the necessary autonomous power of the localities and the enterprises and return to the old road before the reform. But it is to continue to maintain the autonomous right which the localities and the enterprises should enjoy and let them display their positivism. Inside the big basket of central planning, the localities and the enterprises still can use initiative to do many things.

It should be seen that improvement and rectification, following the great readjustment of the power and interest relations of the various sectors of society, will have to pay a definite price. As for those construction projects and enterprises which must "climb down" or be depressed or eliminated, they would be given a dose of "bitter medicine." In the economic interest pattern currently being formed, the degree of difficulty of the readjustment is rather high. The entire body of cadres of the reform departments must make a sufficient estimation of this point. They should harbor the ideology of knowing the whole situation and caring for the whole situation, cooperating with the leadership to perform well the various phases of work, and consciously accomplish the feats of minor reasoning following major reasoning and partial interest abiding by whole interest.

In the improvement and rectification period, reform of the macroeconomic sector must take an enormous step forward in the direction of formation of a macroeconomic adjustment and control system beneficial to balancing the gross volume and structural amelioration. The production and construction plans should cover the economic activities of the entire society; be truly subjected to actual possibility in financial power and material power; determine the growth rate of investment and consumption; and realize the balancing of financial receipts and expenditures, receipts and outflow of credits

and loans, international receipts and payments, investment projects and investment scale, and available supply volume of commodities and social purchasing power. Under the precondition of firmly insisting on the balancing of the gross volume, the policy of according differential treatment and supporting the superior and refuting the inferior should be implemented and the rational readjustment of the industrial structure, product structure, and enterprise organization structure should be facilitated.

In the improvement and rectification period, the tasks of reform in the market and circulation areas are exceptionally heavy. Principally there are three points to be noted: The first is that under the preconditions of devoting the utmost efforts to lowering the scale of rise of the general level of prices and maintaining the basic stability of the essential necessities of life of the masses, we should systematically and safely continue to push price reform. This requires proceeding according to the central government's unified arrangements while the various localities should principally perform well the organization and execution work and strengthen their management and control work. Raising of prices in various forms, either in disguise or by changing the locality, should be banned. Commodities where in operations and in their prices have been decontrolled should be allowed to continue to be subjected to decontrol, but the necessary supervisory and control system must be set up and perfected. Second, great efforts should be exerted to rectify market order including continuing the liquidation of companies under rectification and consolidating the various kinds of wholesale organizations; improving and perfecting the market regulations; and setting up a market supervisory and control structure embracing industrial and commercial administrative and control departments, commodity price departments, taxation departments, federations of industry and commerce, consumers' federations and so forth with each attending to its duties. Third, it is necessary to continue deepening the reform of the state-run commercial and material resources control structure; better display their role as the principal channel in the circulation area of principal commodities; strengthen the functions of state-run wholesale commercial and material resources enterprises in readjusting and stabilizing the market through their buying and selling operations; and firmly insist on taking the reform road of shifting the supply and market societies from being "government-run" to civilian-run so that they become principal links in developing a rural pre-production and post-production comprehensive service structure.

#### **Sixth, Pushing in a Planned Manner Various Piloting Work in Reform**

Reform is an enterprise of a starting or initiating nature. There is no precedent to follow and what can be done is probing in the trials in actual practices, accumulating experiences, and gradually pushing them. In recent years, piloting work in urban reform has achieved notable results. In the improvement and rectification

stage we should sum up the experiences and stabilize, fill in, readjust, and improve the reform piloting points that have already gone on stage. At the same time, based on the conditions we should, in a guiding way, systematically and in a suitable manner enlarge the contents and scope of the piloting points. Concretely speaking, we should principally and in conjunction with the relevant departments and localities continue to grasp the following several points in piloting work:

- Further intensify the comprehensive reform piloting points in the 14 plan-listed cities and towns and certain other cities and towns. Regarding the measures on piloting points formally sanctioned by the party central committee and the State Council, their implementation should be continued while the individual inadequate ones should be readjusted if necessary. This year and next, the major points in urban comprehensive reform are: intensifying the reform of the enterprises' operation mechanism, performing a good job in the systematic construction of the market, improving the taxation system, strengthening tax collection, and augmenting construction of the legislative system in the cities and towns.
- Continue the piloting in reform and opening to the outside world in the three provinces of Guangdong, Fujian, and Hainan; earnestly implement the various policies endowed by the central government on these three piloting areas in reform and opening to the outside world; attend to coordinating the relations between the central government's macroeconomic adjustment and control policy and the special policy for piloting areas as well as the relations between the piloting areas and other areas; and push the transformation of the economic mechanism. Experiments should be carried out first so as to provide the needed experiences in respect to the establishment of a currency market subject to the state's effective regulation, real estate market, labor market, commodity market, and in such other aspects as the establishment of state-owned assets management structure, social protective system, and so forth. We should speed up the reform and change the functions of the government's economic control structures and improve the legislative system so as to create for the domestic and foreign investors a good investment and operation environment.
- Further developing the county-grade comprehensive reform piloting points. County-grade economy is the connecting department between the urban and rural economies and is also the connection point of industrial and agricultural production. The various localities should make good use of the opportunity offered by the improvement and rectification to grasp tightly, and well, the piloting points in the county-grade comprehensive reform. Concurrently with coordinating with the civilian affairs department in performing well the building of grass-roots level political power in the rural areas and coordinating with the reform of the State Council structure in carrying out



the county-grade organs reform piloting points, we should deepen the comprehensive reform of the county-grade economic control structure and establish a benign rural commodity economic order. Experiences of cities exercising leadership over counties should be summed up and we should probe into the setting up of an urban-rural economic interflow structure and rural comprehensive services structure suited to the development of a planned commodity economy.

—Actively and in a safe manner carry out piloting points for a "separate flow of taxes and profits, a post-tax loan repayment and a post-tax contracting," and a small number of enterprises carrying out the shareholding system. Concurrently with the continuation of stabilizing and perfecting the enterprise contracted operation responsibility system, provinces with the necessary conditions may this year select one or two cities to start piloting points for a separate flow of taxes and profits and post-tax contracting. As for the piloting points for the share-holding system in a small number of enterprises, for the present we should principally consolidate, perfect, and solve the various problems that have emerged so that standardization may be gradually achieved.

—Speed up the reform experiments in the social protective system. The urgent approach of the aging period of our country's population and the natural increase in the pressure for employment during the improvement and rectification period urgently call for speeding up the reform of the social protective system including unemployment, care for the aged, and medicare. We should start from our national conditions and carry out comprehensive research on the pattern for raising funds for social protection and its management and operation. Experiences should be summed up through the piloting points so as to speed up the reform in this regard.

Aside from the above mentioned various kinds of piloting work, structural form department at various levels should utilize the good opportunity offered by improvement and rectification to augment investigation and research on certain big and important problems in deepening the reform from now on. For example, problems such as how to set up a macroeconomic adjustment and control structure beneficial to balancing the gross volume and amelioration of the structure; how, on the basis of rationally demarcating between the central government and the local governments the power of administration, to determine the distribution pattern of central and local finances so as to effect gradual transition to a system of tax separation; how to set up an effective restrictive mechanism on investment in fixed assets and consumption inflation; how to ease unjust distribution and at the same time elevate economic efficiency; and so on. All these are problems confronting improvement and rectification and also actual problems which the further deepening of reform must tackle with and solve.

#### **Seventh, Strengthening the Self-construction of the Structural Reform Department and Making Efforts To Do Reform Work Well**

Structural reform departments at various levels are, under the leadership of party committees and governments at various levels, comprehensive functional organs which make unified planning for, and coordinate in, the reform work on economic structure and serve as general staff and assistants to party committees and governments at various levels in decisionmaking. Their main tasks are: 1. In accordance with the spirit of the central authorities and starting from reality, studying and formulating regulations and programs on urban and rural economic restructuring for submission to the leadership for decisionmaking; 2. Taking the initiative to strengthen liaison with the various departments and effect good coordination with the reform measures on various sides; 3. Working with the relevant departments to jointly organize and implement enterprises reform and guide the enterprises to improve their quality; 4. Grasping well the piloting points and experiments on various reforms. In these years, party committees and governments at various levels have paid exceptionally important attention to the work of the structural reform departments and their principal responsible comrades have personally attended to the matter, replenished the forces, arranged the tasks and strengthened their leadership work. To prevent the phenomena of certain reform measures being out of joint and conflicting with each other, certain provinces and cities clearly stipulated that before important reform measures were put on the stage, the structural reform department should first make the necessary coordination then government should proceed to examine, sanction, and issue the necessary documents so as to unify the arrangements and thus better display the coordinating functions of the structural reform departments. We are of the opinion that this method is very satisfactory and is well worth copying by the various localities. Over the past 10 years, comrades of the structural reform departments at various levels have overcome various difficulties such as the small number of personnel at their disposal, shortage or lack of expense funds, poor working conditions, and so forth and, displaying a high degree of revolutionary sense of responsibility and a spirit of taking the initiative, have diligently and studiously done a large amount of work. In the course of the actual practices in reform and opening to the outside world, the structural reform contingents have also received good training and vastly improved their quality.

At present, the whole economic situation is still relatively serious, the difficulties in deepening the reform are many, and this has made even higher demands on the structural reform departments at various levels. While we can see the difficulties before us, we must also note the beneficial elements and devote more time to planning and finding methods to overcome the difficulties and to get out of the dilemma. In the stage of improvement and rectification, reform should never be doing nothing. Rather, we should on the one hand stabilize, fill

in, readjust, and improve the existing reform measures; on the other hand, we should study certain deep-lying problems in the economic structure and further look into the road to reform. These tasks are onerous and require a large amount of work. We must follow the demand of the decision of the Fifth Plenary Session, raise our ideological understanding, overcome the fear of difficulty and a disgruntled feeling, refreshen our spirit, and in actual practice continue to open up and advance.

There are great differences in the natural resources and economic structure of the various localities. Economic development is imbalanced and even within the scope of a single province conditions here and there are different. The various localities should take into consideration the actual conditions of the locality; concretely study how to implement the decision of the central authorities; formulate the plans, measures, and methods for deepening the reform in the locality and pushing economic stability and development; and perform the work of reform and opening to the outside world in a deep-going and detailed manner.

The biggest restrictive factor against the economy's stabilized development is agriculture, particularly grain production. Structural reform departments in the various localities should coordinate with the relevant departments to further perform good rural reform and promote the development of agricultural production. We should continue to stabilize and improve the system of contracted operation responsibility on the household basis with remuneration linked to output. In localities with the necessary conditions we may also, based on the principle of the peasants' volition, push in a stable manner a suitable degree of dimensional operation, develop cooperative economy, and establish a pre-production and post-production comprehensive service system. We should further improve the contracted operation responsibility system of rural enterprises and, in accordance with the state's industrial policy and the concrete conditions of the locality, make the necessary readjustment on the two and township enterprises while at the same time strengthen their management and guide them to the road of healthy development.

In a letter to the central Political Bureau, Comrade Deng Xiaoping very feelingly pointed out: Reform in our country has just made its start, the tasks are heavy and the road is a long one. Comrades in our structural reform departments must harbor a high degree of feeling of responsibility and of the importance of the mission as well as a deep-going understanding of reform's long-term nature, a difficult and complex nature. They must have the spirit of opening up and creating a new, all-round, and deep understanding of our country's national conditions and local conditions in the various localities. Self-perfection of the socialist system is not a single day's or night's affair, and reform on various sides cannot be carried out rashly. Previously, people all hoped that the reform would take faster steps and as soon as possible lay the foundation for the socialist planned commodity

economic structure, but they made an insufficient estimation of the difficulties that could emerge. Seen from now, developing the economy cannot achieve quick results and neither can reform.

We should firmly implement the directive of the party Central Committee on strengthening study and go deep into the grass-roots level to perform the work well. Cadres—particularly the leadership cadres—of the structural reform structure must earnestly learn and study Marxist-Leninism-Mao Zedong Thought-Comrade Deng Xiaoping's writings; study the philosophy of Marxism-Leninism; grasp the scientific world look and methodology; firmly insist from beginning to end on the four cardinal principles; oppose capitalist liberalism; continuously raise their own quality in politics and undertakings; improve their method of work and behavior in work; and go deep more often into the grass-roots level to carry out investigation and research in a down-to-earth manner for the sake of making the contributions, which they should, to socialist construction and the great enterprise of reform and opening to the outside world.

### **Zhang Yanning Speaks**

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[Speech by Zhang Yanning at the National Meeting on Economic Restructuring: "Further Deepen Enterprise Reform and Strengthen Enterprise Management"]

[Text] This year is the second year, and a crucial year, for the work of improving the economic environment and rectifying the economic order. This year our general requirement is to make a solid step toward the goal of economic readjustment and rectification laid down by the central authorities. Enterprise reform and management should serve the purpose of achieving this goal.

Since the Fourth Plenary Session of the 13th CPC Central Committee, the party central leadership and the State Council have issued many important instructions and decisions on the work of enterprises. They have emphasized the need to maintain and improve the enterprise management contract system and the factory director responsibility system, strengthen enterprise management, promote technological progress, raise the economic results, and bring the backbone role of the large and medium-sized state-owned enterprises into full play. This year's task in the field of enterprise reform is to sum up the experiences in reform since it began, especially since last year, and to seriously implement the spirit of these instructions of the party central leadership and the State Council.

### **The 1989 Situation in Enterprise Reform and Enterprise Management**

In the last decade, enterprise reform, as the central link of the economic structural reform as a whole, has been developing with the correct orientation. Our practice in



this realm has had substantial content, and we have made great achievements and accumulated valuable experience. Under the correct leadership of the party central leadership and the State Council, enterprise reform has adhered to the socialist orientation with public ownership being kept in the predominant position and has made a substantial step ahead toward the objective of enterprises conducting independent management, bearing the sole responsibility for their profits and losses, and establishing self-development and self-discipline mechanisms. Beginning with the expansion of enterprise decision-making powers, enterprise management mechanisms have been changed, with the general adoption of the enterprise management contract system and the formation of a new-type enterprise management system that combines responsibility, power, and interest and that complies with the requirements of the planned socialist commodity economy. The factory director (manager) responsibility system, which complies with the objective requirements of large-scale modern production and is in line with the realities in the enterprises of our country, has been established. A series of laws and regulations, including "the PRC Law on Industrial Enterprises Owned by the Whole People" (called "the Enterprise Law" hereafter for short), "the PRC Law on Economic Contracts," "the Interim Regulations on the Management Contract Responsibility System in Industrial Enterprises Owned by the Whole People" (called "the Contract Regulations" hereafter for short), and "the Lease Regulations," have been promulgated. Thus, the successful experience and achievements in enterprise reform and enterprise management over the past decade of reform can be affirmed in the form of law. Reform has aroused the initiative of enterprises and workers, enhanced the level of enterprise management, and promoted the development of productive forces. The decade of reform also marked a period of steady growth in financial revenue, gradual increase in enterprise accumulation, and improvement of workers' livelihood.

The year 1989 was a year of economic readjustment and rectification. According to the instructions of the party central leadership and the State Council, enterprise reform, and enterprise management were combined with economic readjustment and rectification. Good results were achieved in our work related to enterprises. To sum up, the following characteristics in this field were:

First, under the violently changing external environment, the contract system succeeded in keeping the enterprises stable and keeping the ranks of workers stable. Early last year, enterprises were faced with "five shortages," and normal production was seriously affected. Localities and enterprises then tried by every possible means to overcome many difficulties. Then, turmoil appeared in various parts of the country between spring and summer, and a counterrevolutionary rebellion occurred in Beijing. In some areas, such serious incidents as storming factories and instigating strikes also occurred. In the face of such a grim situation, the enterprises in all parts of the country resolutely carried

out the important instructions issued by the party central leadership and the State Council. Leading cadres and workers in the enterprises displayed the master spirit and gave play to the intrinsic interest mechanisms and restraining mechanisms in the contract system. They resisted the external disturbances, stood fast at their work posts, and guaranteed the continuation of normal production. In the second half of last year, some people in society doubted whether the contract system should be maintained. Local party committees and governments in all parts of the country took resolute measures to assure the people that the management contract responsibility system would not be changed, the factory director responsibility system would not be changed, and the policy for linking income to work efficiency would not be changed. In particular, after the leading comrades of the State Council repeatedly affirmed these systems and policies and after the Fifth Central Committee Plenum made a timely decision, all localities and enterprises unified their thinking and kept firm confidence in maintaining and improving the contract system.

Second, some concrete policies and measures in the contract system were further improved in practice. In early 1989, the local authorities seriously ensured that the contracts of the previous year were properly honored. They insisted that awards and penalties be given strictly according to the contracts without exception. If enterprises did not turn over the exact amount of profits that the local governments had coming to them as set out in the contracts, they had to make up for the amount due with their own funds or risk funds, and some enterprises were allowed to wait until they had raised sufficient funds. At the same time, the local authorities also adopted many follow-up measures to improve the contract system and solve problems that appear in the course of its implementation. For example, Jilin, Beijing, Jiangsu, Henan, and Shandong appropriately adjusted the contract norms, which were too low for some enterprises; Yunnan, Beijing, and Sichuan had risk funds set up in some enterprises in order to deal with unstable external conditions for the enterprises; some prefectures and cities in Jiangsu and Jilin set up a system of "jointly ensuring the fulfillment of contracts" in order to link managers' contract responsibility with the joint undertaking of the contract responsibility by the entire workers. In view of the fact that some enterprises that had retained more profits did not want to increase input, many provinces and municipalities appropriately raised the proportion of the production development fund and generally paid more attention to the strengthening of the control mechanisms. In addition, most provinces and municipalities attached importance to the rationalization of managers' income. On the one hand, managers' income was appropriately raised; on the other hand, the income gap between managers and workers was not permitted to widen excessively. Specific stipulations on managers' income were laid down in light of "the Contract Regulations." The local governments also properly ensured the signing of new contracts when the old ones were due to expire. By the end of 1989, the enterprises

whose management contracts were due to expire had all signed new contracts. Meanwhile, the local governments also gradually improved the measures for leasing small enterprises to individual managers according to the stipulations of "the Lease Regulations."

Third, positive steps were taken to adjust the organizational structure of the enterprises in light of the requirements of economic readjustment and rectification. Last year, various localities actively developed enterprise groups in light of the requirements of economic readjustment and rectification and in-depth reform. According to rough statistics, by October 1989, more than 1,600 enterprise groups had been registered with the industrial and commercial administrative departments at and above the prefectural-city level throughout the country. More than 10 percent of the enterprise groups were established with a large enterprise as the core and with a structure layered with a closely-knit circle, a less closely-knit circle, and a loosely knit circle. Thus, tens or even more than 100 enterprises were integrated into an organic whole. In some well-functioning enterprise groups, the investment function of the core has been gradually strengthening. Thirteen enterprise groups have set up finance companies, which act as the groups' financial centers. In such major enterprise groups as Number One Motors, Number Two Motors, Wanbao, and Saige, the integration of production and technology has been developing into a more profound integration of assets. Since last year, the tendency of enterprise mergers has been continuing. Enterprise mergers under socialist conditions represent a conscious action that mainly serves the purpose of optimizing the enterprise setup. In most localities, enterprise mergers were taken as a major measure for adjusting the enterprise structure. There, detailed rules for enterprise mergers were formulated and solid work was done in this field. Enterprise mergers in general achieved rather good results. There was favorable movement of assets in enterprise mergers. Through mergers, most loss-incurring enterprises could reduce losses or begin to make profits in the same year. In the course of structural adjustment, Jilin and other provinces also paid special attention to the leading role of large and medium-sized state-owned enterprises, with backbone enterprises undertaking the management contracts of other smaller enterprises, thus promoting the development of a batch of smaller enterprises and improving the overall economic results.

Fourth, ideological and political work, as well as the building of spiritual civilization in the enterprises, have been obviously strengthened. In view of the fact that ideological and political work was neglected in the previous few years, all localities conducted education in "one center, two basic points" in the enterprises and actively publicized socialist, patriotic, collectivist, and hard-working conceptions. According to the relevant instructions of the central leadership, some enterprises reinforced the political work organs and replenished them with additional political work personnel. A

number of models that achieved remarkable results in building material and spiritual civilization have emerged in all localities.

Fifth, new progress has been made in enterprise management. 1) The activities of upgrading enterprises were further unfolded, and a number of state-level enterprises that had attained the advanced international and domestic management level and many provincial-level advanced enterprises emerged. 2) Internal systems were established in the enterprises to improve product quality, lower the costs, enhance efficiency, guarantee production safety, and strengthen such basic management means as standards, statistics, and work norms. 3) Some new management methods suited to the characteristics of different types of enterprises were created. 4) Computers were adopted for management purposes in most large and medium-sized enterprises and in a small number of small enterprises with good foundations and solid economic strength, and this computerization provides a modern means of raising management efficiency.

In 1989, enterprises in various localities made great efforts to improve their economic results. From January to November, the total industrial output value produced by industrial enterprises within the state budget increased by 3.7 percent, and the growth rate was 7.7 percentage points lower than the 1988 rate of 11.4 percent. While the growth speed was lowered, there were marked changes in other economic indicators. The sale income increased by 12.7 percent; the tax payment increased by 16.5 percent; the amount of taxes and profits turned over to the state treasury increased by 7.3 percent; the amount of attained taxes and profits decreased by 0.2 percent; and the total amount of gross profits decreased by 19.3 percent. The profits made by local industrial enterprises decreased by 11.7 percent, and the profits made by industrial enterprises directly run by the central authorities decreased by 47.9 percent. There were various causes of the decrease in profits. 1) Industrial production could not be completely kept in a normal condition last year. In the first few months, industrial production was affected by the shortage of funds, energy, and transport facilities. In the second half of last year, the sale of products became slack, and this made the production in some enterprises come to a standstill or semi-standstill. The decline in production thus led to a decline in attained profits. 2) Profits were affected by the rise in the production costs. From January to November, the comparable product costs in the industrial enterprises within the state budget rose by 20 percent. The costs were pushed higher by two factors. One was the increases in the prices of raw materials that the enterprises had to purchase; and the other was the higher interest rates of the bank loans, and the consequent increase in the interest that the enterprises had to pay. According to the sample survey of the Statistical Bureau, the interest paid by enterprises increased by 78 percent over that in 1988. 3) The enterprises had to pay more than 1 billion yuan of land use taxes and stamp taxes imposed in October 1988, and this also decreased

their attained profits. 4) The losses incurred by the coal, petroleum, and tobacco industries run by the central authorities multiplied many times; while the profits made by the petrochemical, electricity, motor, and war industries decreased sharply. 5) The level of enterprise management was not high, and there were waste and loopholes in various aspects. This led to an increase in expenditure.

The above-mentioned facts showed that the achievements in the 1989 enterprise reform should be affirmed and the general development tendency was healthy. However, it should also be noticed that some new conditions and new problems appeared among the enterprises. The main problems were as follows: A larger proportion of enterprises failed to fulfill the contracts, and about 20 percent of enterprises in the whole country fell into this category. The proportion in commercial enterprises was even larger. In a certain period, some enterprise were not confident of maintaining the management contract system and the factory director responsibility system. Some enterprise could not operate to full capacity or had to suspend production altogether, and this increased the labor force that was not fully involved in production and also brought about certain difficulties to enterprises' internal reform. In addition, the contract system has yet to be further improved with regard to the proper coordination of the interests of the state, the enterprise, and the workers and the proper coordination of long-term interests and immediate interests.

#### **Improving and Developing the Management Contract Responsibility System Through Economic Readjustment and Rectification**

The fifth plenum of the party Central Committee pointed out that in the period of economic readjustment and rectification, the main task in in-depth reform is to stabilize, replenish, adjust, and improve the reform measures that were put into practice in the previous years. According to this guideline, this year we should keep the policies stable, carry forward advantages, overcome disadvantages, give discriminating guidance to those under different conditions, and make more contributions in order to improve and develop the contract system.

By keeping the policies stable, we mean that the main contents and basic form of the contract system should be kept stable. Only thus can we keep the enterprises stable and then stabilize the economic and the overall situation.

To carry forward advantages and overcome disadvantages, we should adopt measures to settle the problems appearing in the process of implementing the contract system, while bringing the incentive mechanisms into further play. Some of the problems appeared because the preparations for the first contracts were not sufficient and the organizational work was not well planned, so they can and must be completely corrected when the second contracts are prepared. Other problems, such as

the uneven distribution of favorable and unfavorable conditions, the unfair distribution of benefits, and the short-term behavior of some enterprises in approaching the relationship between the long-term and immediate interests, were caused by deficiencies in some relevant policies, measures, and methods. These problems should also be solved step by step in practice.

By giving discriminating guidance to those in different categories, we mean that the contract term, norm, increase rate, selection of a manager, income of the manager, and formula for internal distribution should be worked out on a case-by-case basis, according to "the Contract Regulations," in light of the specific conditions of various enterprises in different localities and in different trades. We should not arbitrarily impose uniform contents in management contracts for enterprises in different categories.

Making more contributions is a general requirement of the state for all enterprises in the course of economic readjustment and rectification and is also the duty that all enterprises should perform for sharing the state's cares and burdens. When new contracts are concluded, enterprises should take the overall interests of the state into account and take the initiative in making greater contributions to the state, and this should be taken as their major guiding principle for approaching the contracts.

As far as deepening enterprise reform and strengthening enterprise management are concerned, several important issues need to be elaborated here.

First, the issue of honoring the contracts. As a large proportion of enterprises failed to fulfill the contracts in 1989, the work of honoring the contracts became more difficult. In order to guarantee the solemnity of the contracts, it is still necessary to honor the contracts in principle, and awards and penalties should still be given exactly according to the terms specified by the contracts. It is necessary to intensify auditing before and after the contracts expire, thus preventing the enterprises from exaggerating profits and concealing losses. If enterprises fail to attain the profit delivery norms, they should make up for the difference with the risk funds, the profits they previously retained in their own hands, or other funds they can raise on their own. If they are still short of money, the arrears can be left for a certain period until sufficient money is raised. The profit delivery norms, or the profit increase rates for some enterprises whose products have good social effects but are subject to the state's price control and that are faced with the rising prices of raw materials, can be appropriately adjusted under the premise of not affecting the local financial delivery to the central treasury. Enterprises whose profits have increased sharply due to some abnormal factors should be required to increase their production development funds and financial reserves. In enterprises that fail to fulfill their management contracts, the income of managers and workers should all be decreased correspondingly.



Second, the issue of determining the profit delivery norms. The contract norms give concrete expression to the relations of distribution between the state and the enterprise, so they are of common concern for both sides who sign the contract. According to the practice in implementing the first contracts, the contract norms and the increase rates fixed in various localities were basically reasonable, but the contract norms for some enterprises were too low. There were two different cases. In one case, the enterprises just made modest profits in the past, but they increased profits by a substantial margin after the management contracts were concluded, and the contract norms for them thus became too low. In another case, the contract norms were fixed at too low a level as compared with the usual profit level. How to fix an appropriate profit delivery norm for the new contract will be the key to the improvement of the contract system. In this regard, several principles must be ascertained. 1) The interests of the state, the enterprise, and the workers must all be taken into account. According to the requirement of economic readjustment and rectification, enterprises should keep a stronger sense of the overall interests and should be ready to make more contributions to the state. 2) The requirements of the industry policy should be fully honored through the fixing of the contract norms. For enterprises whose development should be restrained, the contract norms and the delivery proportion of the additional income should be appropriately fixed at a higher level; and for enterprises whose development is encouraged, more profits can be retained but must all be used to develop production and ensure sustained development for a long time. 3) According to "the Contract Regulations," the average ratio of funds to profits in the same industry and in the same area should be taken as reference for the fixing of the contract norms, and the implementation of the previous contract should also be taken as a reference. It is necessary to encourage the advanced and spur on those lagging behind. At present, it is still unrealistic to work out a unified formula for establishing contract norms that can be applied to all parts of the country. In the course of preparing the next contracts, the local authorities should give consideration to their concrete conditions while implementing the above-mentioned principles and better establish the profit-making capacity of various enterprises in order to ensure the rationality and the advanced and scientific nature of the contract norms.

Third, the issue concerning the income of the contract undertakers and enterprise managers. "The Contract Regulations" contain an explicit stipulation on this issue. Henceforth, the income of contract undertakers and enterprise managers should be strictly brought into line with this stipulation, and they should not gain additional personal income deriving from the profits in excess of the contract norm. Enterprises that allowed their managers to earn additional personal income should now change this practice. In the period of economic readjustment and rectification, according to the central authorities' demand for leading a thrifty life for

several years, the income of enterprise managers who undertake the contracts should be appropriately restrained within the scope prescribed by "the Contract Regulations." The local authorities can adopt the method of "setting different grades" for the income of the contract undertakers. At the same time, workers' opinions should also be taken into account when the income of the enterprise managers is decided. This is an important aspect of maintaining close relations between the manager and the workers.

Fourth, the issue of ensuring that the new contract dovetails with the old one. Ensuring that the new contract dovetails with the old one and ensuring a smooth transition is an important link in improving the contract system. It is first necessary to select a proper contract form and decide on a proper contract term that is suited to the specific conditions of the enterprise. For enterprises whose development should be supported, especially large and medium-sized backbone enterprises that are very important to the national economy and the people's livelihood, the main method is two "bao" [0545] and one "gua" [2171], and the contract term should dovetail with the technological transformation task. For other profit-making enterprises, the method of assigning financial delivery quotas and linking the payroll to the work efficiency can be adopted, and the contract term can coincide with the period of economic readjustment and rectification. For enterprises that only make modest profits or even incur losses, the contract should contain a target for reducing losses and a subsidy quota, and the contract term should not be too long. The division of a large unit into several smaller accounting units may be favorable to the internal tiered management in a large or medium-sized enterprise and may help strengthen economic accounting. At the same time, it is necessary to guard against excessive dispersion of the enterprise's financial resources and against the weakening of internal cooperation. Therefore, inside an enterprise, it is not necessary to assign profit contract norms to production units at different levels. The main measure for strengthening internal management should be the proper implementation of the economic responsibility system and the post responsibility system. On the other hand, it is of great importance to select the right manager for an enterprise. If the original managing body fulfilled the old contract, did not do anything in violation of law or discipline, was united, and had the support of the workers, then it should be allowed to undertake the new contract and continue to manage the enterprise. If the manager is to be changed, the new one can be appointed by the upper authorities, be hired through the open invitation of competitive tenders, or be elected by the workers in a democratic way. No matter how the new manager is selected, his qualifications must be examined by the organizational and personnel department in order to guarantee his political and professional quality.

Fifth, the issue concerning the leasing of small enterprises. The above-mentioned requirements for improving the contract system are also applicable to the



leased enterprises in principle. In the period of economic readjustment and rectification, to further improve the lease system, the following issues should be properly solved: 1) Enterprises that have adopted the lease system should strictly follow the procedures prescribed by "the Lease Regulations" in selecting their lease undertakers. Enterprises whose leases have expired can continue to be leased to the original undertakers with the endorsement of the workers in these enterprises if production has taken place under normal conditions, good economic results have been achieved, the management quality of the original lease undertakers is good, and the lease terms have been honored. 2) The lease norms should be set reasonably. The principles for fixing contract norms can be taken as reference. 3) The personal income of the lease undertakers should be brought under strict control according to "the Lease Regulations." 4) A certain proportion of after-tax profits in leased enterprises must taken as the enterprise production development fund, as stipulated by the lease, and short-term behavior should be corrected. 5) Small industrial enterprises owned by the whole people should, in principle, be leased to collectives or to all of the workers in the enterprise and should not be leased to individuals.

In short, the second-phase contracts should not be the simple continuation of the first-phase contracts. We should do solid work to make new progress and new development in the aspects of working out reasonable contract norms, rationalizing the relations of distribution, and improving the self-discipline mechanism in enterprise management. Thus, the contract system will continue to play an important role in the period of economic readjustment and rectification.

#### **Continue To Implement and Improve the Factory Director Responsibility System**

"The Enterprise Law" was an important law adopted by the First Session of the Seventh National People's Congress [NPC] and was the crystallization of the successful experience of enterprise reform during the previous 10 years. The implementation of this law in the past more than one year was good in general. The law should continue to be implemented and its implementation should be further improved. "The Enterprise Law" contains stipulations on various rights enjoyed by the enterprises, and the rights should be effectively safeguarded. Local governments at all levels must attach importance to correcting the practice of wantonly encroaching upon the rights of the enterprises. They must, as required by the Fifth Plenum of the Central Committee, resolutely stop the action of imposing arbitrary levies and fines on enterprises or withholding their funds without legal grounds. The enterprises should also perform their duties and run their business in light of the stipulations of "the Enterprise Law" and other laws.

"The Enterprise Law" explicitly stipulates that enterprises should adopt the factory director (manager) responsibility system. "The CPC Central Committee's Circular on Strengthening Party Construction" and "the

CPC Central Committee's Circular on Strengthening Propaganda and Ideological Work" put forward concrete requirements on improving the factory director responsibility system. The Fifth Plenum of the Central Committee also stressed the need to continue to implement and improve the factory director responsibility system. This was the enterprise leadership system established through twists and turns in this regard after the founding of the PRC. It will strengthen production management mechanisms and enhance work efficiency and is in keeping with the requirements of modern large-scale production.

In order to continue to implement and improve the factory director responsibility system, first, the factory directors should follow the laws and regulations in running the factories and should do a good job in light of the rights prescribed by "the Enterprise Law." Second, factory directors and enterprise party organizations should support each other and work in close coordination. Enterprise party organizations should strengthen their leadership over ideological and political work, bring their role as fighting bastions and the party members' vanguard and exemplary role into full play, take an active part in the discussions on major issues concerning enterprise management, and actively put forward constructive opinions and proposals. Factory directors should also pay attention to the construction of both material and spiritual civilization. Middle-level administrative cadres in an enterprise should be nominated by the factory director or recommended by the party committee and then be officially appointed or dismissed by the factory director through the collective discussion of the party and administrative leaders. It must be emphasized that the factory director should take the initiative to solicit the party organization's opinion on all major decisions concerning enterprise management and cadre appointments or dismissals, in order to prevent the making of erroneous decisions. Factory directors should respect and give play to party organizations' guaranteeing and supervisory role in implementing the principles and policies of the party and the state. Third, workers' democratic rights should be respected, and their status as masters of the socialist enterprises should be guaranteed. Socialist enterprises must wholeheartedly rely on the working class, must ensure the workers' master status, and must establish and perfect the democratic management system. All major decisions concerning enterprise management should be submitted to the Workers' Congress for discussion, and workers' opinions should be seriously taken into account. Some enterprises that have adopted the contract system have also adopted the "joint contract guarantee system" under which all of the workers join the factory director in bearing business risks. This system has played a positive role in increasing the worker's sense of participation, safeguarding their personal interests, and increasing the enterprise's rallying force among its workers.

The key to the improvement of the factory director responsibility system lies in the enhancement of the

factory directors' political integrity, professional competence, and organizational ability. Facts show that a competent, capable, and experienced factory director solicits the opinions of the party organization and the Workers' Congress in deciding cadre appointments or dismissals and in making major decisions concerning enterprise management. This is the case of many directors of large and medium-sized enterprises. Henceforth, it is necessary to better handle relations between the party organization, the enterprise manager, and the workers in light of the relevant stipulations of "the Enterprise Law" so that they will make concerted efforts to better run the socialist enterprise.

#### **Increase the Vigor of Large and Medium-Sized Enterprises, Bring Their Backbone Role Into Full Play**

In order to increase the vigor of large and medium-sized enterprises and to bring their backbone role into full play, not only should these enterprises themselves make great efforts, but the necessary conditions and environment should also be created. In view of the present situation, the following points should be particularly stressed:

First, the large and medium-sized enterprises should set a higher goal for themselves in improving their quality. All of them need to strengthen and perfect the basic work in all fields, raise the quality of the enterprise and the workers, and strive to play an exemplary and leading role. In general, large and medium-sized enterprises have better quality than small enterprises. At the same time, it should also be noticed that their competitiveness in international markets is still not strong enough. We must be soberly aware of this point and must set a higher goal and continuously advance toward a higher level.

Second, the large and medium-sized should make great effort to promote technological progress, continuously develop new products, and strive for better economic results through adopting advanced technology. They should consciously give play to their scientific and technological advantages. When appraising the achievements in technological transformation and technological progress, we should not merely see how many projects have been started or how much investment has been made; more importantly, we should see whether product quality has been improved, whether the costs have been lowered, and whether new products and new technologies have been developed. In particular, as there is a shortage of funds at present, we must pay more attention to the projects that require less input and will yield higher output so that economic results can really be raised through technological progress.

Third, the large and medium-sized enterprises should take the lead in carrying out various internal reforms and improving internal management. They should effectively arouse the working masses' enthusiasm and initiative through reform and management and should gradually build up their capacity to conduct independent management, bearing sole responsibility for profits and

losses and effecting self-development and self-discipline. The backbone role of these enterprises should not only find expression in their contributions to the state's accumulation and in the products they supply for society, but should also be reflected in their pacesetting experience in internal reform and management, which other enterprises can learn from.

Fourth, the leading bodies of the large and medium-sized enterprises must adhere to the four cardinal principles and earnestly study and implement the policies laid down by the party central leadership and the State Council. They should also adhere to the principle of diligence and frugality for running enterprises and set a good example in maintaining a hard-working and plain-living style. They should be honest in performing official duties, seek no personal privileges, and rely on the masses and carry forward democracy. Factory directors and party committee secretaries should observe the party spirit, take the overall interests into account, and work in unity. The factory director responsibility system should not be used to justify an individual's arbitrary decision-making; nor should the strengthening of the party's leadership be interpreted as the party committee being able to decide everything in all fields. It should be affirmed that the leading bodies in most large and medium-sized enterprises are strong and able to stand various tests. It is believed that under the current grim economic situation, the leading bodies of the large and medium-sized enterprises will certainly be able to stand up to new tests; do a better job in managing enterprise affairs in all fields; correctly handle the relationship between the state, the enterprise, and the workers; and make greater contributions to the state.

Fifth, it is necessary to create a necessary external environment for the normal operation of the large and medium-sized enterprises. In this regard, the state has formulated corresponding industry policy and a biased policy in favor of large and medium-sized enterprises. Concrete measures have been put forward by the national planning and financial conferences and will be gradually put into practice by the state and the departments concerned.

#### **Further Develop Enterprise Groups**

The development of enterprise groups is not only of great immediate significance in the period of economic readjustment and rectification, but is also of great far-reaching significance for our country's long-term economic development. The forming of a number of real enterprise groups with large enterprises as their cores will play an important and irreplaceable role in adjusting the enterprises' organizational structure, strengthening overall control, and competing with strong overseas rivals in international markets.

According to the present conditions, about 70 to 80 percent of the existing enterprise groups still do not possess all the basic characteristics of enterprise groups. In reality, they are still loose enterprise combinations

which cannot yet play a role as real enterprise groups. In view of this situation, this year our main task in this regard is to raise the quality of the enterprise groups and enable them to actually play a solid role. For this purpose, we should do a good job in the following three aspects: First, strengthening the nucleus of the group. This includes increasing its economic strength, building up its investment function, and multiplying the radiation capacity of its "key products." All this is an indispensable condition for playing a role as the nucleus of the enterprise group. Second, forming a closely-knit circle around the core. This includes the development of some subsidiary companies of the nucleus enterprise in an enterprise group and the nucleus enterprise's undertaking of the contracts or leases for the management of some other enterprises in the capacity of the corporation. These measures will enable the enterprise group to break through regional barriers through harmonizing the interest relations between all parties concerned and thus develop a closely-knit circle for the enterprise group. Third, strengthening the bonds. The assets bonds should be developed through mergers, stock-holding, and cross investment. Thus, member enterprises inside an enterprise group will not only become interdependent in production, but will also share weal and woe in their interest relations. Their production and technological cooperation will develop into a deeper level of assets combination. This is an important link for maintaining the stability of the enterprise groups and perpetuating their internal rallying force.

In order to develop the enterprise groups, local governments at all levels should strengthen leadership and give more support. On the one hand, all biased policies for large enterprises are also applicable to large enterprise groups. On the other hand, the enterprise groups should enjoy more decision-making powers in their business management than the individual enterprises. In particular, the enterprise groups should be authorized to engage in foreign trade so that they will enjoy more advantages in the international business competition.

#### **Adopt Effective Measures to Advance Enterprise Mergers**

Practice shows that enterprise mergers represent a major measure for effecting structural adjustments and increasing effective supply, and this measure also conforms to the requirements of economic readjustment and rectification. At present, some new problems have appeared in enterprise mergers. That is, superior enterprises now lack sufficient motivation and resources to take over or merge other enterprises; however, the number of enterprises that need to be merged into others is increasing, while the number of enterprises that wish to take over others is decreasing.

Last year, the State Commission for Restructuring Economy, the State Planning Commission, the Ministry of Finance, and the National Administration of State Property jointly issued "Interim Procedures for Handling Enterprise Mergers," which should continue to be

implemented in all localities. More effective concrete steps should be adopted to deal with the new problems appearing in the field of enterprise mergers in light of the requirements of economic readjustment and rectification, thus supporting the superior enterprise in merging others. Attention should mainly be paid to the following three points: First, local governments at all levels should actively give guidance to the work in this field, properly coordinate all parties concerned, and support enterprise mergers that are in keeping with the industry policy. They should not try to restrain their subordinate enterprises from being merged, nor should they impose excessive burdens on the superior enterprises. Second, when there is a shortage of funds and the markets are still slack, thus causing difficulties for production, it is hard to ensure that all mergers are fully compensable. Therefore, various flexible forms of merger can be adopted according to the actual conditions of every specific case under the principle that no loss will be caused to state property. For example, in order to solve the difficulties caused by the shortage of funds to enterprise mergers, such forms as the transfer of assets without compensation, the undertaking of debt, the takeover of stocks, and the obtainment of the holding company status can all be adopted. Third, various departments concerned should cooperate in the full and steadily advance enterprise mergers for the overall interests of fulfilling economic readjustment and rectification and adjusting the industrial production structure. In particular, the banks should play a special role and should help overcome the difficulties in enterprise mergers through the performance of their regulatory function by means of credit offerings and interest rate adjustments.

#### **Strengthen Enterprise Management, Raise Management Level**

At present, production quality in many enterprises remains rather poor, and the material consumption remains rather high. The economic results achieved by them are rather low. In some enterprises, routine management was simply replaced with the assignment of contract norms. Their work discipline was lax, technological procedures were not strictly followed, production order was chaotic, and funds were used inefficiently. This situation existed in quite a few enterprises, especially many small enterprises. This indicates that a great potential has yet to be tapped in enterprises' internal management. If we seriously strengthen enterprise management, the economic results can still be substantially improved. Therefore, the guideline for enterprise management should be shifted to tapping internal potential, lowering costs, raising quality, promoting technological progress, and enhancing productivity and work efficiency. Enterprise management should be closely linked with the adjustment of production structure and with technological upgrading. At present, attention should mainly be paid to the following five points:

First, continue to strengthen the basic work and improve on-the-spot management. Management should proceed from the basic work and from the management of



production teams and groups. Then enterprise management should be further upgraded and become scientific, institutionalized, and standardized. In enterprises in which basic management is still weak, efforts should be made to improve basic management by formulating comprehensive, well-coordinated, and perfect basic rules and regulations. In enterprises in which basic management is in a chaotic condition, efforts should be made to rectify and straighten out the order first. It is necessary to strengthen technological supervision. The key products of large and medium-sized enterprises should be produced in light of international standards. The management of work norms and statistics should be perfected. Leakage must be strictly prevented. Work discipline should be strictly enforced; technological procedures should be strictly followed; and the responsibilities for every work post must be ascertained. The financial management system should also be improved, and financial discipline must be strictly observed. It is also necessary to strengthen the management of the surplus production capacity, the income from lateral economic association of the enterprises, idle fixed assets, and additional orders placed by other enterprises.

Second, further promote the modernization of enterprise management. Efforts should continue to be focused on improving product quality, lowering material consumption, and enhancing economic efficiency. It is necessary to continue to promote all-round quality control, thus raising the rate of up-to-standard products and lowering the rate of waste products. It is necessary to run factories' internal banks well. The accounting of the internal banks should be linked with the factories' economic accounting, thus strengthening the control over funds, expenses, and costs. It is necessary to go all out to promote the application of computers to support enterprise management and to adopt such effective modern management techniques as value projects and target management, thus standardizing enterprise management.

Third, continue to promote enterprise upgrading. This is a major measure for strengthening enterprise management and improving the enterprises' quality in all aspects and is also an effective method of prompting enterprises to improve product quality, lower material consumption, raise economic results, and catch up with or surpass advanced domestic and international levels. All localities and all departments should insist on measuring the management level of the enterprises by high standards and set strict demands on them. It is necessary to further improve and raise the standards for enterprise upgrading, study different management methods that are suited to the industrial enterprises with different characteristics, lay down explicit requirements for appraising the management level of the enterprises and for judging whether then can be upgraded or not, and reexamine the upgraded enterprises in order to consolidate and develop the achievements in this regard. For enterprises whose management conditions become worse after being

upgraded, warnings should be issued or their glorious titles should be rescinded, and time limits for correction should also be laid down.

Fourth, strengthen the training of enterprise cadres and workers. This is a crucial link in strengthening enterprise management and is a major measure for improving the management contract responsibility system in the enterprises. All localities and enterprises should include the training of enterprise cadres and workers in the factory directors' management responsibilities and take it as a major item of the assessment criteria. Leading cadres of enterprises as well as heads of functional departments, workshops, sections, and groups should all receive regular training corresponding to their duties. In the period of economic readjustment, some enterprises cannot operate to full capacity, and these idle hours should be fully used for technical training. Those who complete the training courses and pass the exams should be given certificates as proof of their competence for being promoted or transferred to new work posts. Henceforth, the system of appointing those with qualification certificates to work posts should be gradually implemented. At the same time, various training classes and seminars should be organized around the topics arising in the course of economic readjustment and rectification and in-depth reform so as to raise the political and professional quality and the organizational and management ability of enterprise cadres and workers.

Fifth, establish and perfect the enterprise legal adviser system and prompt enterprises to do business according to the laws. The work of the enterprise legal advisers is an important component part of enterprise management, and it is particularly important in the course of economic readjustment and rectification and in-depth reform. It is necessary to strengthen leadership over the work in this field. All enterprises with the necessary conditions should establish and perfect the enterprise legal adviser system. The main task of the enterprise legal advisers is to safeguard the legitimate rights and interests of the state, enterprise, and workers and to ensure that the business operations of the enterprises conform to the relevant laws and regulations of the state.

#### **Boost Spirits, Being United as One, and Strive To Fulfill This Year's Tasks for Economic Readjustment, Rectification, and In-Depth Enterprise Reform**

We should be clearly aware of the current situation and bring our thinking into line with the spirit of the Fifth Plenum of the 13th party Central Committee. This is the prerequisite for our fulfillment of this year's tasks in the enterprise work. We should seriously analyze the new conditions we are now facing and should note that there are still many favorable conditions for this year's work, which are mainly reflected in the following facts: The central leadership has made the decision on furthering economic readjustment and rectification and deepening



reform and has explicitly reaffirmed that the management contract responsibility system, the factory director responsibility system, and other major reform policies will remain unchanged.

Economic readjustment and rectification have achieved some initial results, and improvement has been made in some aspects of the business environment for the enterprises. We have accumulated experience in implementing the contract system for many years, especially in maintaining the contract system under difficult conditions. The state has adopted and will continue to adopt policies for giving play to the backbone role of the large and medium-sized state-owned enterprises. At the same time, we should also seriously cope with various difficulties that we may encounter. For example, the "five shortages and one difficulty" will continue to exist; production in some enterprises may be forced to stop completely or partly, and this will directly affect workers' income and cause instability in some workers' feelings; because the contracts will become more difficult, the number of enterprises that fail to fulfill the contracts may increase, and some factory directors may thus refuse to continue to undertake contracts. When facing the difficulties, some enterprises will adopt a positive attitude to meet the challenges by adjusting their product structure in good time according to the guidance of the plan and according to the market needs, trying by every possible means to tap their internal potential; lowering costs and consumption; and opening more marketing channels to solve the problem of stockpiled products. Thus, they will continue to make advances through overcoming the difficulties. However, some other enterprises may fail to fully understand the necessity and urgency of readjustment and rectification and may assume a negative attitude when facing difficulties and simply wait for the support of the higher authorities. They may pin their hopes for their existence and development completely on the state's favorable policies. Such a mentality can hardly meet the requirements of the current situation. We should advocate the positive, aggressive, and enterprising spirit, overcome the negative wait-and-see attitude, and make concerted efforts to tide over the difficulties.

The working class constitutes the main force in socialist construction and reform. In order to fulfill the tasks of readjustment, rectification, and in-depth reform, we must fully arouse the work initiative, enthusiasm, and creativity of the working masses. At present, we should clearly tell the working masses of the difficulties and problems appearing in our economic life and let them know that the problems had been accumulating for many years and that their settlement requires painstaking efforts. In the period of economic readjustment and rectification, some enterprises may be closed down, suspended, merged into others, or shifted to produce other products, and their production may increase at a lower speed. This may bring some temporary difficulties to some workers' livelihood. At present, the prominent problem is that some enterprises have to suspend their

production, and this will result in a lower income for some workers. The State Council and the departments concerned have adopted corresponding measures. In order to properly deal with the cases of production suspension and to stabilize the workers' sentiments, the authorities concerned and the enterprises should tell the truth to the workers beforehand, explain the reasons why there will be production suspension, and discuss countermeasures with the workers. Cadres at all levels should share weal and woe with workers and should take the lead in doing what they require workers to do. Under the difficult conditions, our party's political advantages should be brought into play, and the ideological and political work should be substantially strengthened.

Maintaining a stable leading body in the enterprise and arousing the work enthusiasm of the enterprise managers is of great importance at present. The proper mental condition of the enterprise leading body, particularly the attitudes of the factory director and the party committee secretary, will play a crucial role in arousing workers' work enthusiasm, overcoming various difficulties, and stabilizing the operation of the enterprise. At present and in the long run, the quality of the enterprise leading bodies must be continuously raised in order to tide over the temporary economic difficulties; fulfill economic readjustment, rectification, and in-depth reform; upgrade the general quality of the enterprises in our country; and raise their products to the world's advanced level as soon as possible. At the same time, the government departments in charge of enterprises should give full consideration to the difficulties that the enterprise leading bodies are facing, support their work, protect their enthusiasm, and bring their role into full play.

The fulfillment of this year's tasks in enterprise work and the attainment of the targets in economic readjustment and rectification require the joint efforts of the cadres in the economic management and restructuring departments at all levels, the enterprise leading bodies, and the entire workers. Inside the enterprises, the "three-in-one" combination of cadres, technicians, and workers should be realized so as to fully mobilize the initiative of all parties concerned. We firmly believe that so long as we resolutely implement the spirit of the Fifth Plenum of the 13th party Central Committee; do solid work in all fields; fully mobilize the initiative and enthusiasm of the enterprise leading bodies and all of the workers; extensively and deeply carry out the activities of increasing output and revenue, practicing thrift, and cutting down on expenditure, then we will certainly be able successfully fulfill this year's tasks in improving the economic environment, rectifying the economic order, and deepening enterprise reforms.

#### Article Views 'Comprehensive National Strength'

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[Article by staff reporter Lu Mu (7627 3668): "Discussion on National Strength at the Beginning of the Year of

the Horse—Interview with Huang Shuofeng, a Researcher Studying China's Comprehensive National Strength"]

[Text] Abstract: A country's national strength should be viewed from all sides using an integrative perspective. Western scholars have presented various methods of evaluating comprehensive national strength, based on varying opinions on the concept of national strength and on its elements. Huang Shuofeng, a Chinese researcher in this field, holds that comprehensive national strength denotes all the actual strength and potential (namely, material and spiritual strength) of a country and the influence of this country on the international community. Comprehensive national strength should be an integration of the ability to survive, develop, and cooperate.

In the light of the Marxist theory of the state, Huang Shuofeng put forward a "comprehensive national strength dynamic equation" which can more objectively reflect a country's actual comprehensive national strength.

An evaluation based on the "comprehensive national strength dynamic equation" shows that China's comprehensive national strength has been steadily increasing over the past 40 years. In comparison with other world countries China has moved from 13th place 40 years ago to 10th, eighth, and finally to sixth place at present, in terms of comprehensive national strength. The increase in its comprehensive national strength convincingly indicates the correctness of the CPC's leadership and the superiority of the socialist system. Now that the strategic structure of the global race in comprehensive national strength is taking shape, we must strive to implement our national strategy for the new period, raise our comprehensive national strength, and thus fulfill our goal regarding national strength. [end abstract]

Comrade Deng Xiaoping said: A country's national strength should be viewed from all sides using an integrative perspective.

President Yang Shangkun also pointed out during his inspection tour in Jiangsu Province: China must further increase its comprehensive national strength so as to accomplish a balanced development in the economic, cultural, scientific and technological, and all other fields.

There have been other articles in newspapers and journals discussing national conditions and national strength at the end of last year and the beginning of the new year. This is a good phenomenon but few articles have mentioned comprehensive national strength. So, at the beginning of the year of the horse, this reporter had an exclusive interview with Senior Colonel Huang Shuofeng, a research fellow in the strategic research section of the Chinese People's Liberation Army Academy of Military Science. He talked about the findings from his research in this area during the interview.

Huang Shuofeng, born to a Zhuang nationality peasant family in Guangxi, graduated from Wuhan University Department of Mathematics in the late 1950's. He took up research in calculating science immediately after graduation. Since being involved in China's first electronic computer development project he has been deeply engaged in the field of electronic computers, especially analog computers and, after all, his efforts have been rewarded. Throughout the 1980's, along with his strategic research project, Huang Shuofeng started his study in comprehensive national strength and has eventually become a specialist in this field.

### What Is Comprehensive National Strength

Huang Shuofeng, in his fifties, is a good talker, frank but cautious. He opened the interview by giving the interviewer a clear definition of comprehensive national strength.

Senior Colonel Huang said: So far there is no unified definition of comprehensive national strength. Western scholars often apply the concepts of "state power," national force, national ability, national strength, national latent power, and so on. British classical economist Adam Smith used the term "national power" in his famous book "The Wealth of Nations;" Hans Joachim Morgenthau, an American theoretician in international relations, used the term of "power" in his book "Politics Among Nations;" while French historian (Raymond Alon) [7191 5536 7093 7127] preferred the term "ability." Although Western scholars have given various definitions of national power they have shown a common tendency to apply the concept of power representing the relations between men who are ruling and those who are being ruled to international politics, which they call "national power."

With regard to the elements that form comprehensive national strength, Huang Shuofeng said that opinions vary from school to school in the West. The school represented by Morgenthau holds that the elements of national strength mainly include geographical conditions, natural resources, industrial level, armament conditions, population size, national characteristics, citizen morale, diplomatic performance, and government quality. An official U.S. classification maintains that a country's national strength consists of four basic elements, namely, the political, economic, military, psychological elements. (Raymond Alon) of France holds that national strength is composed of three elements, namely, the space occupied by a political entity; resources, including material and human resources; and the collective operational ability that involves armament structure, social structure, and social quality. FRG physicist (William Fuchs) [1218 1670 1381 0344 2448] maintains that the elements of national strength should include territory, population, energy resources, iron and steel output, gross national product, and so on. The Japanese view national strength from three aspects: 1) A country's contributions to the world, including the country's economic, monetary, scientific and technological, and

financial capacity, its initiative in international activities, and its dynamism in the international community; 2) A country's ability to survive, including geographical conditions, population, resources, economic power, defense power, the citizens' will power, and friendship and allied relations with other countries; 3) A country's coercive power, including its military power, strategic supplies, technology, economic power, and diplomatic ability.

"Our view is different from those of the West," Senior Colonel Huang Shuofeng said. Comprehensive national strength denotes the synthesis of all the strength and potential of a country (that is, both material and spiritual power) and its influence on the international community. This is a composite concept and a criterion in assessing a country's standing and role in the international community.

Huang Shuofeng holds that the comprehensive national strength should be an integration of the ability to survive, the potential for development, and coordinative ability. The ability to survive denotes a country's ability to survive and safeguard its security. It involves the following elements: Geographical environment, including territory, territorial waters and air, as well as strategic position; the quantity and quality of population; resources; economic power; scientific and technological power; defense forces; the affinity among citizens; and so on. The potential for development denotes a country's overall development potential which mainly consists of the ability for social, economic, scientific and technological, cultural, and educational development for development in defense, diplomatic activities, and so on. The coordinative ability means the ability of a country's leadership group to coordinate and optimize all internal and external factors. It involves the country's strategic goals, its national will, its political system, the quality of its government (that is, the government's abilities in leadership, organization, and decision making), its policy-making ability, its regulatory and reformatory ability, the extent of its opening up to the outside world, and its ability in external activities.

Huang emphasized that comprehensive national strength is an enormous and complex system of a high degree of integrity, composed of many levels, and highly dynamic.

#### **How Comprehensive National Strength Is Evaluated and Reflected**

"How then is a country's comprehensive national strength evaluated?"

Smiling, Huang Shuofeng replied: "The West has various methods and we have our own original one."

Some Western scholars have tried to render the elements of comprehensive national strength into quantitative indexes and link them up with a mathematical equation. Kline, former deputy director of the CIA and the present director of the Strategic and International Research

Center of Georgetown University, put forward a formula known as the "national strength equation":

National strength = (gross volume + economic strength + military strength) x (strategic goals + national will). His evaluation based on this formula gave the following sequence of countries arranged according to their national strength in 1978: The Soviet Union, the United States, Brazil, the FRG, Japan, Australia, China, France, the United Kingdom, Canada, Indonesia, and so on. China ranked seventh in this sequence.

Kline's "national strength equation" has had a mixed reception in the West. Some scholars have spoken highly of it. Others think it does not work, since national strength involves many uncertain elements and, especially for some intangible elements, objective and universally accepted evaluation criteria are not available and thus subjective conjecture and prejudice cannot be avoided. What is more, this formula is not a dynamic but a static one and does not reflect the changing national strength of a country during different periods. The Japanese apply a method of social study to the evaluation of national strength. They first set indexes for the abovementioned three aspects, namely, contributions to the world, "ability to survive," and "coercive power." They then give each country a mark for each index in accordance with the results of surveys and statistics. Finally, they evaluate each country's national strength based on the average value of all the marks.

The Japanese evaluation in 1985 showed the following sequence: United States (100), Soviet Union (80), Japan (47), France (45), United Kingdom (43), and the FRG (42). Their survey report maintained that the sequence of the world's main countries for 1987 in terms of national power would be the United States, the Soviet Union, Japan, the FRG, the United Kingdom, China, and France; where China would rank sixth. The same report predicted that by 2000 the sequence would be rearranged as follows: United States, Soviet Union, Japan, China, FRG, United Kingdom, and France, where China ranked fourth. This result was obviously far different from the one by Kline.

In the natural science perspective, FRG physicist (William Fuchs) suggested a formula for evaluating national power which was similar to the formula describing the logical reproduction of biological species:

National strength index =  $\frac{1}{2}$  (steel index + energy index). He substituted the data collected prior to the year 1965 for the corresponding variables in this equation and hence predicted that China's national strength would equal the total national strength of the United States and the whole of Western Europe by 1987 and China would then become the number one power in the world. History has already proved that by 1987 China's actual national strength was not as strong as he had predicted.

Based on his devotional study, Huang Shuofeng, China's expert in the study of comprehensive national power, maintains that comprehensive national strength is an



open dynamic system and that it is necessary to apply a method integrating quantitative and qualitative analyses to the systematic evaluation of all the elements of comprehensive national strength, under guidance from the Marxist theory of the state.

In the course of his study he selected some macroscopic variables of dominant and leading importance, including mainly: "Hard" parameters such as territory, population, resources and economy, science and technology, and defense force; "soft" parameters such as strategic goals and the affinity among the citizens; and "coordinative" parameters such as social system, quality of government, the government's policy-making ability, and its regulatory and reformatory ability. Based on his concept of the comprehensive national strength, he produced a set of differential equations to describe national strength called the "comprehensive national strength dynamic equation":

Comprehensive national strength = the function of the ability to survive, potential for development, and coordinative ability = the function of resources, economic power, scientific and technological power, cultural and education level, defense force, political force, diplomatic ability, and so on.

"This is merely the principal equation," Huang said. He then showed this reporter some papers on his computing method. The whole equation actually consists of a principal equation and over 30 subsidiary equations. Calculations for different periods can show the dynamic change and development of comprehensive national strength.

The specific calculating methods are really too complicated but there are two points which should be noted: First, when the indexes are quantified, the index method is applied to the "hard" parameters, the specialist survey method applied to the "soft" and "coordinative" parameters, and fuzzy mathematics and gray system analytic methods [hui se xi tong fen xi fang fa 3500 5331 4762 4827 0433 2649 2455 3127] are applied to some uncertain elements; and second, the prediction is based on an "advance trend prediction" model.

Huang Shuofeng believes that on the whole his "comprehensive national strength dynamic equation" can more objectively depict and reflect the actual comprehensive national strength of a country.

#### **China's Comprehensive National Strength Is Growing Steadily**

This reporter asked Huang Shuofeng: "How is China's actual comprehensive national strength as calculated by the 'comprehensive national strength dynamic equation'?"

In a tone filled with a deep love for and pride in socialist New China, Huang Shuofeng replied: "A calculation based on this model shows that China's comprehensive national power has grown steadily over the past 40 years,

turning China from a weak country into a strong one." By citing the facts during different periods, he convincingly proved the correctness of the CPC's leadership and the superiority of the socialist system, despite a number of setbacks in the country's past development.

In 1949, China ranked 13th in the sequence of major countries in terms of comprehensive national strength. Since the founding of the PRC the Chinese people of all nationalities have taken the broad road of socialism under the CPC's leadership. They have worked hard and made progress. In particular, the party's appeal to "strive for scientific progress" aroused extensive response in 1956 and the "scientific and technological development plan" was smoothly implemented. As a result, China's comprehensive national strength gradually increased. In the first two years of the 1960's, China managed to rise to 10th place in terms of comprehensive national strength.

From 1962 to 1969, technological progress was hampered by economic setbacks. Because of this and other factors, China's comprehensive national strength declined and the rising curve of national strength turned down.

Since the Third Plenary Session of the 11th CPC Central Committee, the whole party and the whole country have worked together with one heart with the focus placed on economic construction, society has remained stable, unity has been safeguarded, steady economic growth and scientific and technological progress have been achieved, and, in particular, great success has been scored in the reform and opening up. China's GNP and national income for 1988 were respectively 11 and 10 times as much as those for 1952 and the country's gross industrial and agricultural output values also grew by 54 and 2.6 times respectively. Today, China ranks eighth in the world in terms of GNP, third in terms of gross industrial output value, and first in terms of agricultural output value. Meanwhile, there has been much improvement in the fields of science and technology, culture, and education. In consequence, China has moved from the eighth place in 1980 to sixth place at present in the sequence of comprehensive national strength. By applying his "comprehensive national strength dynamic equation," Huang Shuofeng has made an estimate of China's actual comprehensive national strength for different periods in history. He has also predicted that the comprehensive national strength of China, including Hong Kong and Macao, would very likely rise to fifth place in the sequence of national strength by the early 21st century or, to be more precise by 2010, when greater success will be achieved in the reform and opening up. If Taiwan Province is also taken into account, then China's comprehensive national strength will increase still more remarkably.

At this point, Senior Colonel Huang Shuofeng changed the topic of conversation and talked about how to view China's national conditions and national strength. In his opinion, in order to accurately evaluate a country's

national conditions and, particularly, national strength, one must not focus solely on certain aspects or certain indexes, but broaden one's vision to all aspects and make comprehensive analyses. Historical experiences, positive and negative alike, should be taken as references. Over the past few decades, when talking about China's national conditions and national strength, people used to go to two extremes—either solely emphasizing China's vast territory, rich resources, large population, and enormous potential; or placing undue stress on per-capita data. In the former case, people ignore the restriction of other factors and are eager to make big strides hastily—these are the supporters of the "theory of rapid results" who are too anxious for success. In the latter case, people focus only on such per-capita figures as the GNP and national income or the per capita share of major industrial and agricultural products. The more they compare China's conditions with other countries, the more they may lose confidence. So, they become the "pessimism faction" who have completely lost confidence in their own country. Both cases are disadvantageous to the development of socialist modernization in China.

Though a scientific researcher, Huang Shuofeng talked in simple language. Sincerely and cordially he said: As the masters of the socialist New China, we should neither be arrogant nor self-abased. Witnessing the steady progress our great motherland has made in increasing its comprehensive national strength, we are full of confidence and pride because the practice in China over the past 40 years has proved the correctness of the CPC's leadership and the superiority of the socialist system. However, we will not be complacent because, after all, ours is a developing country and a member of the Third World still lagging far behind developed countries in terms of economic power, scientific and technological standards, and cultural and educational development.

After a short pause, Huang Shuofeng, who has cultivated during his long academic life a scientist's habits and mentality regarding the study and resolution of problems, added: The steady growth in China's comprehensive national strength has inspired and increased the confidence of every Chinese citizen and even every overseas Chinese. On the other hand, we can draw lessons from a study of the development and change in China's comprehensive national strength and we will see our advantages and strong points, as well as our disadvantages and shortcomings. Thus we can give full play to advantages and alleviate disadvantages in light of the actual circumstances, make progress step by step, and constantly further raise our comprehensive national strength.

#### **The Policy to Increase Our Comprehensive National Strength**

"So, I think you must have already pondered over the way to increase our comprehensive national strength." "Oh yes, I have." Thinking for a moment, Huang Shuofeng started talking again. He said: "Our very

purpose in studying and estimating our country's comprehensive national strength is to formulate a policy to constantly increase our comprehensive national strength."

Huang holds that a prerequisite must be fulfilled before China can constantly increase its comprehensive national strength, invigorate itself, enrich its people, and rank with the world's great powers. This prerequisite is nothing but that which has often been mentioned—to consolidate and develop the political situation of stability and unity, to uphold the principle of "one center and two basic points," to adhere to the four cardinal principles, to persist in the reform and opening up, and to strengthen the affinity within the party, the Army, and among the Chinese people of all nationalities, so that they will work together with one heart and strive hard for the country's prosperity. All our efforts will finally come to nothing if we fail to fulfill this prerequisite.

At this point Huang Shuofeng, who has the wide vision of a scholar, made an inspiring remark. He said: One of the distinct characteristics of today's world is that it is undergoing a transition from the era of aggressive wars by superpowers and the arms race between them, to a new era of competition in comprehensive national strength. A global strategic structure of competition in comprehensive national strength is taking shape. To establish the strategic superiority in the next century, every country has now made the promotion of comprehensive national strength the goal of their new national strategy. Ours is a country inhabited by 22 percent of the world's population. To make its due contributions to the international community while engaging in the acute competition in comprehensive national strength, China must consider its present national conditions and adopt effective policies to achieve a balanced development in the economic, scientific and technological, cultural, educational, national defense, and all other fields and to further increase its comprehensive national strength. In other words, we must formulate our national strategy for the new period based on the goal of building the country's comprehensive national strength.

Huang Shuofeng held that in formulating the national strategy for the new period and promoting the reform, one must first adopt the guiding principle that takes science and technology as the leading force, economic development as the basis, military power as the backing, and political and diplomatic efforts as a kind of supporting service.

General Secretary Jiang Zemin recently pointed out: "The worldwide competition in economic power and comprehensive national strength, to a great extent shows itself as competition in science and technology."

The prediction based on the "comprehensive national strength dynamic equation" shows that if U.S. scientific and technological power was set at 100, then Japan would be 81, the Soviet Union 69, and China would be 35. If compared with the United States, the Soviet

Union, Japan, and Western Europe, China is 20 to 30 years behind them in most fields except for certain items. Therefore, in the first place, with a view to mobilizing and organizing all the party, all the Army, and the Chinese people of all nationalities to plunge into efforts to implement our national strategy for the new period, we must not only include the targets and strategic guidelines of economic construction but also incorporate the strategic targets and measures for scientific and technological, as well as cultural and educational, development, so that all the party, all the army, and the Chinese people of all nationalities will be mobilized and organized to plunge into the efforts to fulfill this national strategy for the new period. Next, it is necessary to properly handle the relations between the abovementioned four aspects, namely, the "leading force," the "basis," the "backing," and the "supporting force" and to apply the principles of systematology to achieving a reasonable balance between all the elements of comprehensive national strength to optimize the overall functions of comprehensive national strength. The adoption of a new national defense concept is essential. Marxism holds that war is a test of all the spiritual and material forces of a nation. In our words today, this means that war is a test of a country's comprehensive national strength. The model suggested by the "comprehensive national strength dynamic equation" was applied to an analysis of the change in all countries' national strength around the time of World Wars I and II and the outcome also proved that a country's combat capability is determined by its comprehensive national strength. From a future military point of view, in increasing the comprehensive national strength we are not to solely stress the point that it can help us to win a victory in a war, but also the other and more important point that it can help prevent and postpone a war or that we can bring the deterrent function of comprehensive national strength into play to avoid war and fulfill our strategic goal for national security. This is true, especially in the "nuclear era." Therefore, we must increase our national defense power on the basis of a growing comprehensive national strength.

The time went by quickly while we talked. When this reporter said goodbye to the host, Huang Shuofeng said in a sincere tone: Because comprehensive national strength is a complex important concept, the evaluation and prediction of comprehensive national strength is an extremely complicated business involving a wide range of fields and many uncertain factors, including both "hard" elements in material form and "soft" elements in the form of intelligence and spirit. It is very difficult to accurately quantify and make a comprehensive evaluation and prediction about it. The study that has been made so far is, after all, a primitive one. Huang expressed his hope that this discussion on the topic would serve as an introduction to induce further study in the field and he said he was looking forward to working together with others who were interested in the field so that they could make their contributions to increasing China's comprehensive national strength.

### Article Upholds Socialist Public Ownership

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[Article by Jin Jian: "Upholding Socialist Public Ownership"]

[Text] China's historically mandated system of public ownership, the foundation of the socialist system, has achieved enormous success over the past 40 years. These success have been ignored by the handful of people, however, who attempted to transform our system of public ownership into private ownership and who have revealed their capitalist stand. The genuine guarantee of democratic freedom is clearly public, not private, ownership, and so China's future lies in adherence to and improvement of its particular form of socialist public ownership.

The Chinese people, who have been building socialism for 40 years, know full well that public ownership is the foundation of the socialist system and that, to uphold socialism is to uphold the leading position of public ownership. Failure to do this would mean a change in the direction of China's socialist construction and reform and the forfeit of the fruits the Chinese people had won in their revolution and construction.

In recent years, international reactionary forces have increasingly pushed the idea of a "peaceful evolution" in the socialist countries while domestic bourgeois liberals have raised their cry of "privatization." A manifesto of such views, "China's Hope—Declaration on the Private System," came out shortly after the Beijing turmoil began in April 1989. The authors of the "declaration" fabricated a variety of charges against public ownership and incited people to "quickly sound its death knell," thus revealing their central goal of establishing capitalism in China. The "declaration" contained the major political and economic programmes of those responsible for the turmoil and counter-revolutionary rebellion.

### Why Public Ownership Is Best for China

One charge listed in the "declaration" against public ownership was that it transcends the law of historical development. According to Marxist theory on socialist development, the five forms of society—primitive, slave, feudal, capitalist and communist—appeared one after the other. How then, they argue, could semi-colonial and semi-feudal China skip past the stage of fully developed capitalism and effect a direct transition from a new-democratic to a socialist revolution?

After the opium war in 1840, as a result of imperialist invasion, feudal China was gradually reduced to a semi-colonial, semi-feudal, poor and backward country. In order to plunder China of its raw materials, dump commodities, and grab its cheap labour, the imperialist powers competed with one another to build ports, railways, factories and commercial enterprises in China, thereby stimulating the development of national capital,



creating a bourgeoisie and a proletariat, and generating new productive forces. The former relations of production became increasingly serious obstacles to the development of new productive forces, and sharp national conflicts and class contradictions laid the groundwork for the inevitable social revolution independent of man's will. China's big bourgeoisie attached itself to international capital, while the national bourgeoisie was economically and politically too weak to carry the anti-imperialist and anti-feudal revolution through to the end and build China into a developed capitalist country. The difficult task of the new-democratic social revolution fell therefore to China's working class, the main social force representing new productive forces. It was the most important force for the spread of Marxism-Leninism, for the emergence and growth of the Chinese Communist Party, and for the final victory of the proletarian revolution. The victory in the Chinese people's revolution was, in the final analysis, the inevitable result of the contradiction between the productive forces and the relations of production, as well as the inevitable result of social developments in China.

After the victory in the Chinese revolution in 1949, the People's Republic, build on the shambles of Old China, had a very low level of productive forces. Can this be used, however, as a basis to argue, as is done in the "declaration," that the choice of socialist public ownership, made shortly after the founding of New China, transcended the law of historical development?

The argument does not hold up to scrutiny. The fact that China, in the initial period of the People's Republic, chose socialism and not capitalism, was a result of the domestic and international environment of the time. Before liberation, bureaucrat-comprador capital accounted for 66 percent of the country's industrial capital, and 80 percent of its industrial, mining, communications and transportation fixed assets. If the bureaucratic-comprador bourgeoisie had been allowed to continue its control over the country's economic lifeline, it would have been impossible to defeat the imperialist forces in China and thoroughly do away with China's colonial and semi-colonial society. There was no alternative other than to transform the bureaucrat-capital into a socialist public economy. With a strong state-owned economy, it was possible to unify state finances, concentrate resources, overcome many serious obstacles, defend the country's hard-won unification and security and restore and develop the national economy in a planned, systematic way. At the time, the national capitalist industry and commerce displayed a positive role, but if, in the early period of the People's Republic, we had not implemented a comprehensive policy to utilize, restrict and transform them, it would have been impossible to eradicate class oppression and exploitation, and to establish the socialist system. Likewise, if we had not carried out the socialist transformation of agriculture and handicrafts industry, the former backward, decentralized and small-scale production would not have been able to meet the needs of socialized mass production,

and it would have been impossible to liberate the production forces. The country's economic construction, especially industrialization, would have been out of the question. Despite certain drawbacks and shortcomings in our work over the years, it is a credit to the correct guideline and policies of the Chinese Communist Party that transformation of the means of production from private ownership to the socialist system of public ownership was completed in just seven years.

The fact that China skipped over the stage of fully developed capitalism and directly switched from a new-democratic society to a socialist society serves to prove the idea of the historical developments in leaps and bounds as explained by Marx. Historical developments of various countries are always very complicated and historical leaps in development are not rare. After the disintegration of the primitive commune society, for example, Greece, Rome and other countries, in conformity with the general laws of the development of human society, established a slave society. The Germanic people, on the other hand, after migrating to the Danube River valley, directly established a feudal serf society without having instituted a state based on slavery. To take another example, while most European countries went through medieval feudal societies, the United States skipped over similar historical stage before directly establishing a capitalist society.

Similarly, China also took a historical leap after the founding of the People's Republic when it transcended the historical stage of capitalism and set up the socialist system, a step which embodied the necessity of historical development and not the subjective idea of any one person.

#### Public Ownership Releases Production Forces

Another charge cooked up by the authors of the "declaration" against public ownership was that "public ownership restricts the development of productive forces."

Practice is the sole, correct criterion for judging the truth and so it is instructive to examine the past 40 years of socialism in China before passing judgment.

After the establishment of the socialist system, industrial and agricultural production underwent all-round development, and the country's economy was greatly strengthened. In 1988, the gross national product (GNP) was 12 times that of the first years of the People's Republic; the original value of industrial fixed assets increased some 50 times over that of 1949; the proportion of industrial output value climbed from 25 percent of the total product of society to 61 percent; the problem of feeding and clothing the 1.1 billion Chinese people was solved, and both the material and cultural living standards of urban and rural residents were demonstrably raised.

Practice has proved that the social and economic levels of old and New China are poles apart, and that the socialist system of public ownership has dramatically liberated the productive forces. Moreover, if we had been able to

avoid the serious mistakes of the "Great Leap Forward" in 1958, prompted by an eagerness for quick success and of the "Cultural Revolution" (1966-76) which both ignored and destroyed the development of the productive forces, we would have achieved even greater successes. The avoidance of such mistakes would have given the superiority of the socialist system still greater play.

How is it, however, that the socialist system of public ownership can promote the development of China's social productive forces?

First, socialist public ownership provides a powerful motive force for the development of socialist production. Capitalist private ownership predetermines that the motive and aim of capitalist production is to generate the greatest possible profit for those in control of the means of production. Since it reduces labourers to a position of the oppressed and exploited, there is limited enthusiasm for production on their part. Socialist public ownership, replacing a system of exploitation, brought about a fundamental change in the social status of labourers. The socialist system gives full consideration not only to the interests of the state and the collective but to the interests of the individual; it consists of both political and economic motivating forces and gives full play to the enthusiasm, initiative and originality of the labourers.

Second, public ownership of the means of production makes it possible for the state, the representative of the people, to develop production through a unified, coordinated programme and, with limited economic strength, to focus its funds on the construction of key projects, thus promoting social production in a sustained, steady and harmonious manner.

As is well known, after only three years of economic rehabilitation, in 1953, the newly founded state of China began the large-scale economic construction of the First Five-Year Plan. At that time, when the economic base was extremely weak, public ownership was the only means possible to pool as much of the country's human power, material and financial strength as possible for the smooth completion of some 10,000 projects (694 of which were large industrial projects), thus laying the initial foundation for China's socialist industrialization. Moreover, it was because of our steadfast effort to keep socialist public ownership in the dominant position and the state-owned sector in the leading position that an independent, modern industrial system was established and that the initial prosperity of socialist China was achieved during the relatively short time span of 40 years.

Third, socialist public ownership eliminated the relations of exploitation which prevailed under private ownership and made it possible for social products to be distributed according to the principle of "to each according to one's work and more pay for more work." Under such a principle of distribution, labour is the

yardstick for measuring not only the labourer's contributions to society but also the share of consumer goods he deserves, a method which has greatly stimulated enthusiasm. Public ownership combined with such a distribution system sweeps away the means by which the rich and the poor become poles apart, and makes it possible for every person to be on the road towards affluence and to see their living standards improve as production develops. It should be noted that the phenomenon of "everyone eating from the public pot" still prevails in many localities, and that some departments and units are still plagued by low efficiency, serious waste, short-sighted production and management, and the stifling of labourers' enthusiasm. However, the emergence of these phenomena has nothing to do with socialist public ownership. They only suggest that the economic system of socialist public ownership needs to be improved and that some of our practices fall out of step with socialist public ownership.

#### A Guarantee of Democracy and Freedom

Authors of the "declaration" branded public ownership as "a cradle of autocratic dictatorship," "a hotbed of corruption," and "soil that breeds bureaucracy." They even went so far as to assert that under public ownership "there was no freedom of action or of choice," and "if the basic evil of public ownership was not wiped out, it would be impossible for China to have true democracy and freedom."

According to their logic, there was no alternative but to turn to capitalist private ownership for democracy and freedom because of the current lack of it under the socialist system.

Is capitalism the Garden of Eden as its proponents claim? The answer is a firm no because capitalism, built on the economic basis of private ownership, is the breeding ground of bribery, corruption and bureaucracy. Indisputable proof of this is the frequent occurrence of such scandals as bribery and corruption. In capitalist countries, democracy and freedom are indeed pleasant to the rich but quite discomforting for the poor. The bourgeois democratic system, no matter which form it takes or to what extent it develops, is in the final analysis, intended to protect the ruling position and order of the bourgeoisie.

"The right to make choices" is, literally, a patent bought and owned by the capitalists. At present, when the monopoly capitalist class possesses the lion's share of the means of production and social wealth, so-called universal suffrage is no more than a guarantee for the monopoly capitalist class to choose their favourite political representatives to run the country on their behalf. The general election that takes place once every several years is nothing short within [as published] a competition of the moneyed class, and an opportunity for power-wielders to maintain their oligarchic rule.

In China, the establishment and development of public ownership of the means of production and the elimination of an exploiting class and of the system of exploitation has made the people masters of the country and society. As such, they enjoy the wide-ranging right to run the state's economic, cultural and social affairs according to law. This is, in essence, different from bourgeois democracy and other exploiting classes' democracy based on private ownership. Therefore, the process in which the Chinese people establish a social pattern of socialist public ownership in place of private ownership is one in which they are gradually strengthening and developing a socialist democracy.

Since the founding of New China 40 years ago, especially since 1979, the political system of socialist democracy, the system of people's congresses and the system of multiparty cooperation and political consultation led by the Chinese Communist Party have been improved step by step. The people exercise their right to run the country through the National People's Congress and its local equivalents which they themselves elect. In addition, various systems to ensure grass-roots democracy and supervision have been established. Through such means, the Chinese people have taken an active part in the running of the state and the nation's political life. As socialist democracy develops and the socialist legal system improves, China's socialist political democracy will be gradually institutionalized and implemented according to law, and the people's rights will be legally protected. The Constitutional stipulation that "all rights of the People's Republic of China belong to the people" is making itself felt throughout society.

We must admit, however, that such phenomena as corruption and bureaucracy do exist in our society. This is partly because our society, born out of a semi-feudal and semi-colonial society, still has many traits and mores of the former society. It is also because China now at the primary stage of socialism has much to improve in the socialist relations of production and to eliminate the defects in some of the management systems, organizational forms and work methods. Corruption and bureaucracy, therefore, need to be dealt with resolutely. Maintaining and strengthening socialist public ownership will provide an important means by which to correct such defects.

#### Where Is China's Hope?

The Chinese people still have a fresh memory of the time when the means of production were under the control of the exploiting classes, when the Chinese society was ridden with economic recession, social unrest and cultural stagnation, and the working people, at the mercy of others, had to toil like beasts of burden. Today, if we hadn't kept socialist public ownership in its dominant position but, instead, fallen back to the capitalist road advocated by the authors of the "declaration," a polarization between the rich and the poor would have certainly returned to China. Also, at the same time as a "middle class" was bred and supported by the blood and

sweat of the labouring people, the majority of the members of society would inevitably be reduced to slaves of both foreign capital and a domestic exploiting class. No Chinese would like to be in such a position again.

China's hope lies in continuing its system of socialist public ownership and its gradual improvement through deepening reform. Only in this way can both economic growth and social advance be guaranteed, and the people's position as masters of the country be consolidated. At the present stage, China's socialist public ownership is not perfect. This is because any new form of ownership takes time to develop to maturity. Over several centuries of capitalist private ownership, the methods for privatization of the means of production have been changed and readjusted many times even though the basic nature of private ownership has always remained the same. Socialist public ownership in China has only a history of 40 years. It is unrealistic, therefore, to expect it to mature over so short a period of time. Public ownership differs also from its private counterpart in the way it operates. Whereas private ownership relies mainly on intrinsic economic law to spontaneously drive social production forward, public ownership guides social production through scientific prediction.

Restricted by a host of factors, it is difficult, if not impossible, to be 100 percent accurate in all scientific predictions; errors are unavoidable. The years before 1978 saw quite a bit of biased thinking, misunderstanding and mistaken action in regard to the question of ownership. We added many principles superfluous to the definition of socialist public ownership, additions which changed its originally intended meaning and intrinsic nature. For example, we unduly stressed that public ownership should be "pure and big" and "of a more developed socialist nature." The result was that the consequent transformation of the relations of production went far beyond the level of development of the existing productive forces. Another example was our belief that overcentralized economic management and direct state management over enterprises were the only way to realize socialist public ownership. We ignored market mechanisms and by doing so deprived enterprises of production and management autonomy. These misunderstandings and mistakes weakened to a degree the internal dynamics of the public-owned sector and consequently prevented socialist public ownership from exerting its advantages to the full.

Since 1979, the Central Committee of the Chinese Communist Party, realizing that China was still at the primary stage of socialism, conducted many important reforms in regard to the composition of ownership and the forms best suited to realizing socialist public ownership. On the premise that the public-owned sector remains in the dominant position, China currently allows the individual and private sector to develop in those areas where the socialization of production is at a low level. Sino-foreign joint ventures and wholly foreign-owned enterprises can be established to supplement the socialist public sector. Moreover, the government has



devoted itself to transforming the overcentralized economic management system and properly separating ownership from management power in the hope of bringing the public sector in line with the requirements of a socialist planned commodity economy. All these efforts have greatly promoted the development of production.

The past decade of reform has proved that such a form of ownership, with a dominant public sector supplemented

by a private sector, is in keeping with China's actual conditions and the current level of development of its productive forces. The reforms have also proved the rich variety of forms of socialist public ownership and the compatibility of public ownership with the commodity economy. So long as the form for realizing public ownership is chosen scientifically and properly, public-owned enterprises can definitively demonstrate their efficiency, dynamism and vigour.

## East Region

### Fujian Governor Addresses Personnel Work Meeting

OW2003234890 Fuzhou FUJIAN RIBAO in Chinese  
28 Feb 90 p 1

[Text] The provincial work meeting on personnel work concluded recently. The meeting reviewed the work of the previous year and laid down this year's tasks on personnel and establishment work. Governor Wang Zhaoguo and Vice Governor Chen Mingyi attended and spoke at the meeting.

Wang Zhaoguo affirmed the achievements of personnel and establishment departments at all levels and the leadership of their respective party committees and governments. He noted that the ranks of personnel and establishment departments are politically resolute and tough, and stressed the need to steadily push forward reform of the personnel system and establishment administration along the direction of socialist reform. He expressed the hope that they will continue to improve personnel and establishment work.

Chen Mingyi emphasized that personnel and establishment departments must exercise their role fully, and motivate and bring out the creativity of the vast numbers of cadres so that they can help to improve economic and social stability in the localities, and better serve the cause of economic readjustment and deepening reforms.

### Jiangsu Meeting Stresses 1990 Plans, Goals

OW1003114790 Nanjing XINHUA RIBAO in Chinese  
10 Feb 90 pp 1, 2

[By reporter Shen Zhongchu (3088 0112 2806)]

[Text] The Jiangsu Provincial People's Government called a meeting from 8 February to the morning of 9 February to inform leading officials of provincial government departments about the assignments for 1990. The meeting stressed the need for provincial departments to intensify administrative honesty and efficiency, improve their work style, and strive to accomplish all assignments for 1990.

To keep the attendees informed of the operation of the various departments and the overall state of affairs in the province, the meeting began with hearing work reports presented by leading comrades of 15 departments and bureaus. Before the meeting closed, Governor Chen Huanyou set forth the 1990 assignments drawn up in accordance with the views of the executive meeting of the provincial government.

Governor Chen stressed: 1990 is a crucial year for economic retrenchment and reform. The general objectives for 1990 are: First, to ensure stability; second, to work still harder; and three, to strive for development and economic retrenchment. The major economic targets expected to be achieved in 1990 are: 5.6 percent

growth in gross industrial and agricultural output compared with 1989, including six percent industrial growth, three percent agricultural growth, five percent growth in gross national product, and four percent growth in national income. To achieve this objective, efforts must be made to accomplish 10 tasks.

### 1. Reinforce Agriculture With Concentrated Efforts

The objective of "increasing grain and cotton output and ensuring bumper crops and supply" must be further reaffirmed. Efforts must be made to make sure that grain output will exceed 33 million metric tons so that average per capita grain consumption will continue to exceed 1,000 jin, total cotton output will reach 500,000 metric tons or 10 million dan, total output of oil-bearing crops will reach 1.2 million metric tons, and total output of pigs will be 20 million head. Efforts must also be made to increase the market supply of pork and poultry over that of last year and ensure the peasants' income. Earnest efforts must also be made to aid the poor and victims of disasters. Main efforts must be directed to increasing per-unit output and the development of resources. To increase per-unit output, attention must be given to increasing per-unit yield of barley, wheat, and naked barley. Field management must begin immediately in order to seize a bumper harvest this summer. As for rice production this year, efforts must be made to boost per-unit output on the basis of stabilizing rice acreage. Regarding cotton production, attention must be given to fulfilling the production plan and boosting per-unit output. Attention must also be given to the production and supply of chemical fertilizer, agricultural chemicals, plastic sheeting, and other production materials, as well as to the first-stage construction of a plant under the Nanjing Chemical Industrial Company—a plant with the capacity of producing 300,000 metric tons of synthetic ammonia annually—and the reconstruction of a number of small plants producing chemical fertilizer and agricultural chemicals.

With regard to the development of resources, efforts must be made to expand arable land by 100,000 mu, build one million mu of grain fields, improve soil fertility of 300,000 mu of medium and low-yield farmland, and turn 600,000 to 800,000 mu of dryland into paddy fields in 1990. Efforts must also be made to develop resources of the basins of Hongze Lake, Lixia River, and Taihu Lake. Efforts must be intensified to develop tidelands along the coastal areas and prepare construction projects along the Xuhong and Tongyu Rivers. Meanwhile, efforts must be made to preserve land resources by utilizing them rationally.

The policy of supporting and guiding township enterprises should be stabilized. Profitable and well-managed township enterprises set up according to the state's production policy and producing marketable goods should be appropriately supported in terms of capital, energy, and major raw and semifinished materials. Township enterprises must make earnest efforts to achieve better economic performance and upgrade their

technology. Efforts must be made to exceed the eight percent annual growth rate of township enterprises this year.

## **2. Strive To Maintain Appropriate Growth in Industrial Production**

Efforts should be made to ensure seven to eight percent—or at least six percent—industrial growth. That should be solid and effective growth, not an inflated one. To ensure an appropriate growth, production planning must be carried out in earnest. The provincial government will focus on the allocation of capital, energy sources, cotton, and other raw and semifinished materials. The provincial government has decided to assign a deputy provincial governor to preside over monthly meetings to study major production problems and coordinate the various departments to solve them.

Efforts should be made to restructure industrial production. This should be regarded as a strategic mission to be accomplished by special forces. Attention should be directed to readjusting the compatibility of products [chan pin de shi ying xing tiao zheng 3934 0756 4104 6624 2019 1840 6148 2419]. Under the preliminary plans, 35 types of goods produced by 250 enterprises will be provided with resources, 75 types of goods produced by 500 enterprises will be developed on a priority basis, output of 45 types of goods will be restricted, and production of 10 types of goods will be suspended. Efforts must be made to ensure the output of goods needed by the people, industrial goods needed for agricultural production, energy, raw and semifinished materials in short supply, popular goods, goods for export, goods which substitute for imports, electromechanical equipment, and quality brand name goods. Efforts should also be made to improve product quality, grades, and varieties as well as to lower the consumption of energy and other resources. In 1990, 1,427 new products will be developed and the production of 900 of them will begin the same year. A foundation should be laid for long-range and strategic restructuring. While restructuring industrial production, great attention should be attached to restructuring enterprise organization. A number of enterprise groups should be set up in accordance with principles of modern mass production and coordination among specialized departments to replace disorganized and redundant operation as well as the tendency to set up large and small all-purpose enterprises. From now on the provincial authorities will pay special attention to the management of a number of large and influential groups and large and medium-size enterprises at home and abroad so as to give full scope to their role as mainstay enterprises. Efforts should be made to make a success of a number of infrastructural construction projects. In respect of coal production, efforts will be directed to completing the construction of the Kongzhuang, Zhangshuanglou, and Sanhejian mines of the Datun Mining District as well as the replacement pits of the Xizhou Mining Bureau. With regard to electric power, continuous efforts should be made to accomplish the eight projects that can expand Jiangxi's generating

capacity by 800,000 kilowatts. In communications, Jiangsu will assist the state to build five ports along rivers and coastal areas, the Xizhou Railway, and the project of double-tracking the eastern section of the Lianyungang-Lanzhou Railway. Efforts will also be made to build more local highways, waterways, and river ports. As for raw and semifinished materials, efforts will be made to complete the Lianyungang Potash Plant and continue with the construction of the Jinping Phosphate Plant and the reconstruction of the China Cement Plant in Lianyungang. Assistance will be rendered to the state to rebuild the Yangzi and Jinling Petrochemical Plants and the Nanjing Chemical Plant. In the fields of machine-building, electronics, light industry, and textiles, efforts will be made to carry out the construction of the Huafei Color Television Tubes Factory, the Xuzhou Construction Machinery Plant, and other projects. In infrastructural construction, a project to increase water supply by 350,000 metric tons will be carried out. Meanwhile, preparations will be made to start the construction of Nanjing Airport, the Shanghai-Nanjing Superhighway, the second Chang Jiang passageway, the Subei Railway, and other major projects. The method of "centralizing planning and dividing management at different levels" will be used to carry out 105 major technical improvement projects of the provincial government.

## **3. Go All Out To Explore the Domestic and International Market**

We should take measures to ensure market supply, correctly guide consumption, vigorously explore the market, and strive to increase the total volume of annual retail sales by at least 12.5 percent. Commerce as well as supply and marketing departments should play their role as main circulation channels and "reservoirs" in the true sense of the word, going all out to market products in order to increase purchases and promote production through increased purchases. Both industrial and commerce departments should make further efforts to straighten out the lineup of commodities. Commerce departments should energetically purchase products in demand, while procuring a reasonable amount of goods that are temporarily unsalable but have market potential and keeping them in reserve. We should also try various means to explore the market in rural areas, interior provinces, and remote frontier regions. Efforts should be made to increase the sales of manufactured goods through joint wholesale, sale on a commission basis and with a mobile stock, joint purchase with separate sales, country trade fairs, and direct delivery of goods to consumers.

We should strictly control price rises, ensuring that increases do not exceed the ceiling set by the state.

There should be a bigger increase in foreign trade this year. We should strive to fulfill the target of \$2.6 billion export trade, reaching \$2.8 billion if possible. To this end, the most important thing is to ensure supply of



funds and raw and semifinished materials for the production of export goods and to stop the serious drain of salable export goods to other sectors of the economy. It is necessary to study a number of policy measures to fire the initiative of enterprises and local governments. We may select a number of high quality marketable goods and readjust their prices for marketing them on the international market. Efforts should be made to ensure cotton supply for the production of textile goods for exportation this year. At the same time, it is necessary to encourage exportation of products made of materials supplied by foreign firms. While striving to increase export trade, we should see to it that a good job is done in exports by Sino-foreign joint ventures, Sino-foreign cooperative enterprises, and solely foreign-funded firms, as well as production enterprises with decisionmaking powers in management, in order to set up a group of self-managing export enterprises of different sizes capable of earning \$3 million to \$10 million of foreign exchange annually with their brand name export goods. Efforts should be made to induce direct foreign investment, ensure the success of existing Sino-foreign joint ventures, Sino-foreign cooperative enterprises, and solely foreign-funded firms, and improve the work of contracting foreign engineering projects and labor service.

#### **4. Launch the "Double Increase, Double Economy" Campaign in All Sectors**

We should unfold the "double increase, double economy" campaign solidly and extensively and elevate it to a new height this year. The targets are as follows: Tax payment and profit delivery should be increased by one percentage point; turnover of working funds of industrial and commercial enterprises should be accelerated by three to four percent; labor productivity of full-time workers should be raised by five percent; deficit-ridden state industrial enterprises in the province should reduce their deficit by 20 percent, and state commercial enterprises, by 10 percent; enterprises should strive to cut back somewhat their administrative expenses; comprehensive energy consumption for every 10,000 yuan industrial output value should be lowered by 2.6 percent; the whole society should conserve 1.38 million metric tons of coal; consumption of raw and auxiliary materials for major industrial products should be decreased by one to two percent; 500 new quality products should be produced; the portion of quality manufactured goods should be raised by two percent; the stable-quality rate of major industrial products should be increased by three to five percent; and commercial circulation expenses should be lowered by one percent.

All production, construction, and circulation departments should clearly define their respective targets in the campaign, fulfilling them at various levels. It is necessary to concentrate efforts on major cases of increased production, tax payment and profit delivery, foreign exchange earnings, deficits, and energy consumption, and give various types of guidance. It is also necessary to fully mobilize the masses to launch the campaign as well

as other socialist emulation drives. In order to create more model enterprises with better management and efficiency, such as the Changzhou Diesel Engine Plant, we will hold a meeting on strengthening enterprise management and deepening the campaign in Changzhou in the near future. We will also encourage more enterprises and units to launch a drive to urge every worker to increase output value and to conserve funds by 100 yuan each. A yearend evaluation of the campaign will be made, and spiritual or material awards will be given to those with outstanding achievements.

On the basis of the success of the campaign, we will reinforce the collection and management of tax revenues so as to fulfill the task of achieving 13.51 billion yuan in financial revenue set for this year, an increase of 5.6 percent over last year. At the same time, we will vigorously cut down expenditure in order to make the province's finance basically balanced this year.

#### **5. Actively Implement the Strategy of "Invigorating Jiangsu With Science and Technology"**

All departments should coordinate work arrangements in order to comprehensively implement the various policy measures of the strategy of "invigorating Jiangsu with science and technology." In conjunction with the "spark," "prairie fire," and "harvest" programs, we should actively disseminate scientific research results and patented technologies. We should also do a good job in tackling difficult scientific and technical problems and updating the technology of enterprises. The technology policy for 17 trades should be further perfected and seriously carried out. It is necessary to continue to pay close attention to the 130 key projects of assimilating new technology for developing and test-manufacturing major Jiangsu products and put them into mass production. We should continue to conduct basic technology research, carry out the "torch" program, and accelerate the construction of the Pukou high-technology development and experimental zone, in order to promote the use of advanced high technology in industry.

#### **6. Attach Importance to Beefing Up Social Undertakings in All Fields**

Schools of all grades and types should strengthen and improve ideological and political work and implement the education policy of allround development of students. Efforts should be made to reinforce basic education, actively develop vocational and technical education, promote joint management of institutes of higher learning, and raise the efficiency of schools.

Cultural workers should adhere to the orientation of making literary and artistic creations serve the "two ends" and should implement the "double hundred" principle by turning out more healthy and diverse intellectual products that will delight the masses. We should vigorously unfold mass cultural activities in order to make socialist literature and art flourish. At the same time, we should continue to strengthen the supervision of cultural markets.

As far as sanitation work is concerned, we should straighten out order in public health, improve services, and raise the quality of medical treatment. We should pay particular attention to controlling diseases and strive to achieve a marked decrease in the incidence of various contagious diseases.

In sports and physical culture, we should make this year's 12th provincial games a success and strive to score outstanding records in major domestic and international competition. It is also necessary to promote in-depth and extensive mass sports activities.

We should do a good job in family planning, and promote good prenatal care and sound practice in bringing up children, keeping natural population growth under 11 per 1,000.

It is necessary to continue to carry out the responsibility system in environmental protection and enforce measures for preventing environmental pollution.

#### **7. Formulate the Eighth Five-Year Plan Focused on Readjustment**

The formulation of Jiangsu's eighth five-year plan is the job not only of the provincial government but also of all local governments and trades. They should conduct survey and research, and draft outlines of the plan.

#### **8. Deepen Reform To Strengthen Provincial-Level Regulation and Control**

The focus of reform is to continue to consolidate and improve the contract managerial responsibility system of enterprises. Enterprises should carry out contracts that are still effective; they should extend, for a reasonable period of time, contracts that are expiring or may continue those contracts indefinitely; and where conditions permit, enterprises may start a new round of contracts. The rural contract responsibility system linking remuneration to output should be further perfected, and the establishment of the agricultural service system at the township and village levels should be accelerated. Reform in other aspects should either be continued or tried out at selected points.

In strengthening regulation and control at the provincial level, we tentatively plan, first, to centralize a reasonable portion of the managerial authority in order to ensure the execution of key projects and guarantee structural readjustment. Second, we will straighten out certain interest relationships in order to reduce conflict of interest between lower and higher levels and between departments. Third, we will gradually strengthen regulation and control over funds, foreign exchange, and material supply at the provincial level.

#### **9. Effectively Coordinate All Sectors of Society To Improve Public Order**

We should fully mobilize and rely on the masses in resolutely cracking down on subversive and sabotage activities by hostile forces at home and abroad. It is

necessary to severely punish, according to the law, serious criminal offenders and economic criminals, and do everything possible to check the rising trend of vicious crime. We should continue to deepen the campaign to eliminate pornography and the "six evils."

#### **10. Reinforce the Construction of Government Organizations**

We should reinforce the construction of government organizations in the following three major aspects: First, we should intensify ideological construction. Efforts should be made to unwaveringly carry out the party's basic line, uphold the four cardinal principles, and persist in carrying out reforms and opening to the outside world. During the current crucial stage of economic rectification and reform, we should maintain a healthy mental state. We should strive to raise the level of our understanding of the Marxist theory, and make good use of the theory we have studied in summarizing experience, analyzing and solving problems, and raising leadership capability. Second, we should promote a clean and honest government. In waging an in-depth struggle against corruption, we should investigate and punish major cases of embezzling, bribe-taking, and other violations of the laws and discipline. It is necessary to continue to implement the provisions of the CPC Central Committee, the State Council, and the provincial party committee and government on intensifying the construction of clean and honest administration by conscientiously performing several concrete tasks. In vigorously cutting back nonproductive projects, we should refrain from constructing auditoriums, office buildings and guest houses, and remodeling the existing office buildings and dormitories with expensive decorations. It is necessary to strictly control institutional purchases and resolutely ban luxurious consumption. Under no circumstance should a government official give dinner or gifts at public expense or engage in waste and extravagance. Unauthorized issuance of bonuses, subsidies in cash or in kind, and uniforms should be punished as a violation of discipline. It is necessary to earnestly check the use of funds raised by and at the disposal of various party and government organizations. Leading cadres of the provincial government should set good examples in leading an austere life for the next few years. Third, we should improve our workstyle. While promoting a clean and honest government, we should perform our duties conscientiously, not perfunctorily, and strive to overcome bureaucratism, improve office workstyle, and raise office efficiency. The size of personnel should be tightly controlled, and unauthorized upgrading of offices is strictly forbidden. We should simplify office documents, and reduce meetings and commemorative activities. In general, leading comrades of the provincial government should not attend in ribbon-cutting ceremonies and founding anniversaries of schools and factories. We should define the targets for inspecting government work and evaluating them at year end. Results of the evaluation should be made public in order to publicize role models and set solid pace-setters of all departments.

Leading cadres should mingle with the masses by going down to grassroots to conduct fact-finding studies, maintain close contact with the people, and show concern for their everyday life. In going down to the grassroots, leading cadres should refrain from elaborate formality and minimize the size of accompanying personnel while performing good service and solving practical problems for the masses. It is necessary to gradually set up systems for cadres to conduct fact-finding study, take part in physical labor and maintain contacts with the grassroots. Leading comrades of the provincial government should go down to the grassroots for at least two months and perform labor for at least 12 days annually. They should also set up grassroots contact points and visit such places regularly in order to experience, observe, and understand the actual feelings of people for making correct policy decisions. Each leading comrade of the provincial government shall maintain personal contacts with a county, enterprise, school, or research institute. Leading officials of all departments and units under the provincial government should also take turns leading teams going down to the grassroots in order to carry out investigative study in the light of the day-to-day work of each department or unit, and in view of major problems confronted by the department or unit. The office of the provincial government will mobilize and rotate annually a group of cadres to perform concrete jobs in poverty-stricken counties, townships, and grassroots units in Northern Jiangsu. We should also strengthen education in national defense, actively unfold the activity to support the army and give preferential treatment to military dependents and families of revolutionary martyrs, and do a good job in conscription and resettlement of demobilized servicemen. It is necessary to strengthen the construction of democracy and the legal system and exercise administration according to the law.

Vice Governors Gao Dezheng, Ling Qihong, Yang Yongyi, Wu Xijun, and Ji Yunshi attended the meeting.

#### **Editorial Stresses Maintaining Jiangsu Stability**

*OW1202035990 Nanjing XINHUA RIBAO in Chinese  
5 Dec 89 p 1*

[Editorial: The Fundamental Interests of the People Rest in Stability—On Using the Guidelines of the Fifth Plenary Session to Unify Thinking, Policy, and Action]

[Text] The task of continuing to maintain stability prevails over everything. During the process of using the guidelines of the 5th Plenary Session of the 13th CPC Central Committee to unify thinking and understanding, we must place emphasis on the matter of unifying understanding, which has a bearing on the overall situation, and accord great attention to the maintenance of stability in all areas of our undertakings.

On stability, first of all we mean political stability. This is maintaining a stable and united political situation. Comrade Deng Xiaoping had repeatedly pointed out: Without a stable and united political situation, nothing

can be done. Stability prevails over everything. Today, our comrades are all painfully aware of this fact. After experiencing the turmoil and the counterrevolutionary rebellion in Beijing in late spring and early summer this year, the people cherish peace and unity even more. They are more aware of the fact that stability and unity are the basic guarantees for China's socialist cause to advance steadily, and that the people's greatest interests rest upon them. Without a stable and united political situation, development and reform will be in vain, and the results achieved will be lost. Currently, like elsewhere in the country, Jiangsu has scored great successes in the struggle against bourgeois liberalization since the quelling of the turmoil more than five months ago. The social order is stable. But, we must note that some destabilizing factors still remain, and we must be highly vigilant against them. We must continue to devote great efforts to our work. We must resolutely uphold the four cardinal principles and oppose bourgeois liberalization. We must insist on implementing the basic line and the fundamental policies laid down by the party's 13th National Congress, and maintain the continuity and stability of these policies. We must continue to pay close attention and do a good job during the purge. On top of this, we must enforce policies strictly, and maintain unity and educate the majority till the very end. We must be persistent in cracking down on criminals in order to improve the grim public order situation. We must also make great efforts to build a clean government, and carry out the struggle against corruption. All these are necessary conditions for removing destabilizing factors and maintaining political stability.

Political stability is the prerequisite while economic stability is the foundation. If the economy is unstable, political stability will be impossible, and social stability will be difficult. During the second half of last year, panic buying appeared in the market, and this caused great anxieties among the people. In addition to the determinative role of the international atmosphere and China's own minor climate, that so many people were involved in the turmoil and counterrevolutionary rebellion during late spring and early summer this year is certainly related to the economic problems of the last few years, in particular, inflation, confusion in the economic order, and corruption. Therefore, after our party scored a decisive victory in suppressing the turmoil and quelling the counterrevolutionary rebellion, and achieved great successes during the purge, it is extremely necessary to seize the opportunity and focus attention on economic work by concentrating on improving the economic environment, rectifying economic order, and deepening reform. Currently, in accordance with the guidelines of the Fifth Plenary Session of the 13th CPC Central Committee and the realities in Jiangsu, the provincial party committee and government have drawn up plans for further economic readjustment and deepening of reform. Everyone who cares about national stability must also care about the work of economic readjustment and deepening reform, make serious efforts to implement all the relevant measures, ensure that they yield



results, and that the national economy grows in a steady and balanced manner. In this way, the nation will have a solid foundation for longlasting peace and order.

To maintain political stability and ensure economic stability, we must enhance the sense of responsibility to the state and to the overall situation. Only when the overall national situation is stable can there be stability and development in the localities. We must not pay only lip service to stability and have only local and self interests in mind, while forgetting about the overall national situation, when specific differences appear. This will not help to stabilize the overall situation. Take, for example, improving the economic environment and rectifying economic order, or economic readjustment. Actually, this is an economic readjustment. Since it is a readjustment, there will be some new and canceled projects, protection for some and a squeeze on others, acceleration and rollback, and expansion and elimination. For some sectors and localities, there will be cancellation, squeeze, rollback and elimination. They must endure some pain and pay a certain price. This is what we meant by yielding to the overall situation. We must not be biased and stress the "specialty" of our own case. We must not harm overall interests by resorting to measures which negate that of higher authorities. Of course, while yielding to overall interests, all localities and units must exercise their initiative and creativity, do a good job, and contribute. This will support the overall situation and help stabilize it.

Putting emphasis on stability does not mean one should feel satisfied with the existing state of affairs, stop the policy of reform and opening to the outside world, and do nothing. On the contrary, it will help to ease the public's mind by upholding reform and opening to the outside world, be it at home or abroad. By putting emphasis on the stability of the overall situation, we are helping to create a favorable environment to further reform and opening to the outside world. Currently, everybody realizes that without reform and opening to the outside world, there is no hope for them. This is an irreversible historical tide, and nobody can change it. The great achievements of the last 10 years were brought about by reform and opening to the outside world. Henceforth, to achieve the strategic goals of China's economic development, we still need to uphold the policies of reform and opening to the outside world. As for reform, we must not base our judgment on the temporary gains or losses of a particular measure or certain part of it. We must look at its historical role from the overall picture of modernization. Once we are reforming, certain experiments must be conducted, and there is nothing unusual if we encounter setbacks. We must fortify ourselves, have confidence, and continue to pursue the undertakings of reform and opening to the outside world. Of course, we must not expect quick results from reform. Currently, when we are focusing our energy on economic readjustment, we must see to it that reform serves this purpose.

In order to maintain the stability of the overall situation, we must exercise the core leadership role of party organizations. The fundamental aim of our party is to serve the people wholeheartedly. Leading organs and cadres at all levels must immerse themselves among the masses, keep closely in touch with them, listen to their voice, care about their hardships, be fair and honest, and sincerely serve them. During the period of economic readjustment, the situation will be complicated and contradictions abound. As for the destabilizing factors likely to appear in society, we must promptly take the initiative to neutralize them. Regarding problems and tendencies likely to endanger the stability of the overall situation, we must act decisively and take firm measures to stop and resolve them. We must not be apathetic, drag our feet, or allow the matter to become serious and result in great losses. To maintain stability, unity within the leadership is of the utmost importance. Therefore, party organizations at all levels must uphold the principle of democratic centralism, and be more organized, principled, and disciplined. Every party member and cadre, particularly leading cadres, must pay great attention to maintaining party unity. Higher and lower levels, as well as all departments, must strengthen unity, and support, understand, and cooperate with each other.

The fundamental interests of the people rest in stability. The people look forward to stability. While moving forward along the party's line with determination and under the leadership of the party's Central Committee, the stable and united political situation, which has already taken shape, will certainly be consolidated further, and the cause of reform, opening to the outside world, and socialist modernization will develop more healthily and smoothly on the foundation of stability.

**Jiang Chunyun Speaks at Shandong Party Plenum**  
*SK2302010590 Jinan DAZHONG RIBAO in Chinese*  
19 Dec 89 p2

[“Excerpts” of speech given by Jiang Chunyun, secretary of the provincial party committee, at the third enlarged plenary session of the fifth provincial party committee on 30 November 1989: “Deeply Study and Implement the Guidelines of the Fifth Plenary Session and Comprehensively Fulfill all Tasks of Improvement and Rectification”]

[Text] The central topics for discussion at this enlarged plenary session are to study and implement the guidelines of the Fifth Plenary Session of the 13th Party Central Committee, further unify ideological understanding, and study the implementation opinions in line with the province's reality. The following are the study opinions of the Standing Committee of the provincial party committee on how to deeply study and implement the guidelines of the Fifth Plenary Session. I will talk about eight issues.

1. We should unify our thinking of the economic situation and have a firm confidence and mind toward improvement, rectification and deepening of reform.

This Fifth Plenary Session has comprehensively, objectively and scientifically analyzed our country's current economic situation and clearly pointed out that great achievements have been made in the 10 years of economic construction, reform, and the open policy, and that there are still many difficulties and problems in the economy of our country on the road of advance. In addition to fully affirm our achievements, we should also accurately estimate the difficulties. As far as the party's leading cadres at all levels are concerned, the main thing they should attend to is their failure in fully estimate the difficulties. This analysis is absolutely correct and is in conformity with the national reality as well as the reality of Shandong. Judging from our provincial situation, although we have scored remarkable achievements in the 10 years of reform and construction, the difficulties and problems lying ahead are still very salient. Although we have achieved initial success in the past year of improvement and rectification, the indepth problems have not yet been fundamentally solved. Therefore, further effort to carry out the campaign of improvement and rectification is a must.

Since the Third Plenary Session of the 11th Party Central Committee, the national economy has greatly developed in our province, the economic strength has noticeably strengthened, and the people's livelihood has remarkably improved. The province's GNP, national income, and the total industrial and agricultural output value have realized the first 100-percent increase three years ahead of schedule. We may say that this ten-year period was one marked by the most rapid development of the productive forces in our province, the biggest progress in all undertakings, and the greatest benefit the people can receive. This is the essence and the main trend of the situation which we must fully affirm. However, over the past few years, problems of excessively rapid economic growth, excessively rapid price hikes, serious disproportions, and chaotic circulation order have emerged in our province. Over the past year and more, we have conscientiously implemented the principle of the Third Plenary Session of 13th Party Central Committee on improvement, rectification and deepening of reform, implemented the the guidelines of the Fourth Plenary Session of the Party Central Committee, and achieved good results in improvement and rectification. Under the situation of a year of continuous drought, we still reaped a fairly good agricultural harvest. Industry has maintained a definite rate of development after a steady rise and fall. The basic industries have slightly strengthened. The growth of financial revenues was greater than that of the expenditures. We may achieve a balance between revenues and expenditures during this year. The excessive demands have been cut back, the price hikes have been alleviated, the urban and rural savings deposits have increased, and the people

have become reassured. The entire economy has developed continuously in the course of improvement and rectification.

Although our province has achieved gratifying success in improvement and rectification, the expected goal has not yet been attained, many problems in the economic sphere have not yet been resolved, and some hidden contradictions have emerged gradually. The difficulties and problems pointed out in the central "decision" have existed in varying degrees in our province. The most salient ones are: The situation in which the overall demand is greater than the overall supply has not been fundamentally improved; the uneven structures have remained very outstanding; agricultural foundation has remained unstable; the present agricultural situation can no longer meet the needs of the national economic development and the improved living standards of the people; the basic industries are weak and their contradictions with the processing industry are increasingly acute; the social economic results have dropped; funds are in short supply; and the market has remained in a slump.

To resolve the difficulties and problems in our province's economy once and for all, the key lies in successfully achieving unity in the thinking of the people in and outside the party. While fully affirming achievements and the mainstream, we should expose contradictions in a realistic manner and discern the seriousness of problems. Leading comrades at various levels, in particular, must guard against and overcome the tendency of underestimating difficulties. It is erroneous and harmful to think that improvement and rectification are an endeavor for the country that has nothing to do with us, to lack enthusiasm in reducing what should be reduced, and to adopt a wait-and-see passive attitude of procrastination. We should truly focus our economic work on improvement and rectification.

When analyzing the current economic situation, we should see both difficulties and problems and the favorable factors for overcoming difficulties to have confidence in the endeavor of improvement and rectification. Our current difficulties are temporary and will pop up in the course of progress that we will eventually conquer through hard work. Party members, cadres and the public throughout the province should be fully mobilized, and should arouse spirit, resolutely implement the party Central Committee's "decision" and carry out our province's improvement, rectification and indepth reform in a down-to-earth and fruitful manner.

2. We should conscientiously learn from historical experiences and lessons and adhere to the basic principle of achieving a sustained, stable, and coordinated development in the economy.

The party Central Committee's "decision" and the speeches of Comrade Jiang Zemin and Li Peng gave a profound and incisive exposition on the experiences and lessons in our country's economic construction. They

stressed: "In the process of China's economic development, the most important lesson in the past 40 years was our overeagerness for quick results regardless of national conditions and beyond the state's capacity, and violent ups and downs," and "maintaining a sustained, stable, and coordinated development in the national economy and preventing large fluctuations are the basic principles we should persist in on a long-term basis and also the basic criteria for appraising our economic work and achievements in reform." This profoundly indicated the crux of the problems in China's economic construction and the guiding principle for future work and represented a precious experience for which we paid dearly in the past 40 years.

Judging from the practice in our province's economic construction in the past 40 years, fairly good economic results and social benefits were achieved whenever the economy was relatively stable, the proportions of various economic branches were fairly balanced and the economic environment was fairly relaxed. Progress seemed slow in such circumstances but was actually quick. On the contrary, although an overheated development of the economy brought about short-term high growth rates and superficial prosperity, it was bound to lead to violent ups and downs and would eventually have to be adjusted. Historical experiences repeatedly proved that large-scale fluctuations in the economy violated the objective law governing the socialist economic development, and were bound to hinder the development of social productive forces. Of course, to leading comrades at various levels, their desire to achieve quicker and better results in developing the economy and various undertakings of their own localities and trades is good and they should also try to accomplish something and actively make progress in economic work. However, their accomplishment and progress should be based on the objective reality and they should unify need and possibility and regard it as their purpose to achieve the best economic results and social benefits. They will accomplish nothing if they make haste regardless of reality. We should regard maintaining a sustained, stable, and coordinated development in the national economy as our long-term basic principle, make it last through the entire process of the four modernization drive and unswervingly adhere to it. Through summarizing the experiences in economic construction, people at higher and lower levels and in and outside the party throughout the province should unify their thinking and actions in line with this.

3. We should clearly define the targets and demands for improvement and rectification and take active and reliable steps to implement all tasks.

The central authorities have decided to devote three years or longer to basically fulfilling the improvement and rectification tasks and have explicitly pointed out the six major targets and the four important links which we must grasp. This has manifested their decision to concentrate efforts on solving the indepth problems in the national economy and their guidelines that it is not

realistic to be overanxious for quick results in improvement and rectification. They have considered not only the current problems which we must solve but also the future demands in the long period of economic development. These targets are proceeded from reality and can be attained through our efforts.

The provincial party committee has defined that the general guiding ideology and basic tasks for further improvement, rectification and deepening of reform should be centered on upholding "one focus and two basic points," consolidating and strengthening the socialist economic basis, resolutely cutting back the overall social demands, controlling the rapid increase in the scope of investment in fixed assets and consumption funds, actively readjusting the economic structure, actively strengthening agriculture and the basic industries, striving to raise economic results, increasing the effective supply, maintaining a rational economic growth, conscientiously consolidating the economic order, controlling commodity prices and stabilizing the market, overcoming the chaotic phenomena in production, construction, circulation and distribution, deeply conducting the campaign of "increasing production, practicing economy, increasing revenues and reducing expenditures," striving to alleviate the contradictions between the overall social supply and demands, enabling the national economy of our province to basically move into the path of sustained, steady and coordinated development, and laying a good foundation for realizing the fighting objective of quadrupling the GNP. The provincial party committee held that in setting the provincial targets and tasks for improvement and rectification, we must proceed from the provincial situation and do a good job in combining the central "decision" with Shandong's reality. The targets and tasks must be positive and feasible. We must not set excessively high demands by skipping the objective reality. But, we must strive to manage all things which we can manage. In short, we must first stress stability and then boost our working enthusiasm. We must accomplish something and achieve progress. We must pay special attention to mastering and grasping the following few points:

First, we must cut back the excessive social demands. Controlling the overall demands and supply and cutting back the demands are the crucial parts of the rectification campaign. To cut back the demands, we must first control the scope of investment in fixed assets. The call of the central authorities on making the scope of investment in fixed assets remain stagnant during the next two years conforms with our province's reality and is a tough target which must be implemented with resolute efforts. At the same time, we must control the excessively rapid increase in the consumption demand and strive to make the increase in consumption funds lower than the increase in the national income and the labor productivity. During the rectification period, it is impossible for residents to rapidly increase their incomes as in the past few years, and some may temporarily suffer from a drop in income. They must be mentally prepared for this. Of



course, we must rationally cut back the demands of investment and consumption and make the two reach a degree that copes with the social productive forces and the overall supply. The scope of investment in fixed assets must be resolutely cut back. But, we must not cut the key projects which we must guarantee and must not stop the momentum for the guaranteed projects. The increase in the demands of consumption must be controlled. However, we must simultaneously study and solve the coexistent contradictions of the excessively rapid increase in consumption funds and the decrease in the actual living standards of some residents, pay attention to maintaining the level of the living standards of a majority of residents and strive our utmost efforts to make some improvements.

Second, we should adopt all possible means to increase the supply of essential goods. This is a positive way to resolve the imbalance between the total supply and the total demand. During the period for improvement and rectification, neither an inordinately large growth rate in economic development nor a sharp decline should exist. Therefore, we should persistently control demand while increasing the supply of essential goods and greatly increase the production of grain, cotton, and oil, such products of basic industries as energy resources and raw materials, products in support of agriculture, readily marketable consumer goods, export and foreign exchange-earning products and products of high grade and good quality that yield good returns. All localities and departments should attach importance to increasing the supply of essential goods and achieve good results from it.

Third, we should continue the principle of retrenchment in finance and credit. Retrenchment in finance and credit is the basic measure to reduce total demand and we should never waver in implementing this principle just because of the present temporary strained situation in the supply of funds. On the premise that finance and credit are strictly controlled, to counter the current new situation of slow turnover of funds and in line with the requirement for adjusting industrial composition and product mix, we should adopt necessary flexible measures to actively help industrial enterprises and the circulation field eliminate the difficulty in the supply of funds to ensure steady growth in production.

Fourth, we should be determined to rectify the economic order. Improving the economic environment and rectifying the economic order are integrated tasks. Over the past year and more, our province has achieved initial success in rectifying the economic order. However, the development has been very uneven and measures should be further expanded to make a breakthrough in weak links. The focus is to clean up and reorganize companies, rectify the order in the circulation field and strengthen the management of market. The work to clean up and reorganize companies has entered a stage to storm highly fortified positions. The province and various cities, prefectures and departments should attach importance to and make a success of the work of dissolving and

merging companies and investigating and handling major and serious cases. The province recently made arrangements for further cleaning up and reorganizing companies and all localities should carry them out. Organs directly under the province should set an example in dissolving and merging companies and should never adopt a wait-and-see attitude and procrastinate. The order in the circulation field is rectified in order to improve the open multichannel wholesale network with fewer intermediate links and with state commercial and supplies departments and supply and marketing cooperatives as its main body, to correctly handle the relationship between the major channel and other channels and, while strengthening management, to continue to enliven circulation and establish a normal order for commodity circulation.

4. We should enhance our understanding of the fundamental position of agriculture and be determined to promote agriculture.

In the party Central Committee's "decision," the effort to strengthen agriculture was placed in a very conspicuous and important position. Sustained and stable growth in agriculture is the foundation for economic, political and social stability and is where the key to restructuring the economy lies. When agriculture takes the lead in making a breakthrough, all other industries will be enlivened. Ours is a large agricultural province. Whether its agriculture can be pushed forward has a bearing on the issue of feeding its 80 million people, on its light industrial and textile development, on the increase in its foreign export trade, on the stability of market prices and on the overall situation of the entire country. In the process of improvement and rectification, we should rapidly create an upsurge in which the entire party and all the people attach importance to, support, and develop agriculture. All levels and all trades and professions should further channel their work to the task of taking agriculture as the foundation, develop and support agriculture on a priority basis and push it forward through all possible means. In particular, the two levels of prefecture and county should devote their major energy to agricultural development and strive to bring their grain, cotton and oil output up to or higher than their previous best records. In the work arrangements and guidance, first of all, all trades and professions should increase their agricultural input, including the input from peasants and labor accumulation; second, we must vigorously carry out capital construction of farmland and water conservancy projects, and combine our concentrated efforts with our persistent efforts; third, we should actively popularize advanced agricultural technology; fourth, we should continue to readjust the internal agricultural structure, and promote a benign cycle in the planting, breeding and processing industries; fifth, we should vigorously develop the agriculture-oriented industries and increase the production and supply of chemical fertilizers, agricultural chemicals, agricultural plastic sheetings and agricultural capital

goods; sixth, we should further clear the rural circulation channels and better serve agricultural production and the livelihood of peasants.

As far as the whole province is concerned, we must prominently grasp the "two biggest" in order to push agriculture forward. The first one is to overcome the biggest factors of restriction in order to push water conservancy projects forward; and the second is to tap the greatest potential in order to increase production and to promote the practice of "invigorating agriculture with science and technology." Our province has suffered from serious drought in ten successive years and more, and the annual amount of water shortage has reached more than 9 billion cubic meters. This was one of the most important factors for the slow agricultural development in the last few years. The province, various prefectures, cities, counties, townships, villages, all levels and all trades and professions should concentrate their efforts on and make due contributions to building water conservancy projects and overcoming drought. The results of increasing production through applying science and technology to agriculture are remarkable. While solving the drought problems, we must rely on science and technology to promote agriculture. The party and governments at all levels should include the practice of relying on science and technology to invigorate agriculture on their agenda, actively promote the technology of increasing production on a large scale, continue to expand the area of grain fields so that each can produce one ton of grain and ginned cotton fields that each can yield 100 kg of ginned cotton, actively popularize fine strains, interplanting of different ecological patterns, scientific application of fertilizers, water-saving typed irrigation, dryland farming and other advanced agricultural technologies, vigorously develop animal husbandry, increase the application of organic fertilizer and improve soil content in an effort to increase the production of grain, cotton and oil-bearing crops. Continued efforts should be made to implement the "bumper harvest plan," and organize "coordinated efforts to invigorate agriculture with science and technology."

In a final analysis, all measures, including measures for developing water conservancy projects and scientific farming or for strengthening agriculture, must be fulfilled by the broad masses of peasants. We must continue to deepen rural reform, stabilize all rural policies with the family-based output-related contract responsibility system as the focus, improve the centralized and decentralized management system and fully mobilize the enthusiasm of peasants.

5. We should consider raising economic results as the focus of our work and step up our efforts to readjust the internal industrial structure.

Our province already has a fair-sized economy with industry in particular. The present salient problems are large input, small output and low economic results. The main and indepth reason for the low economic results is our overemphasis in speed, little attention to economic

results, overemphasis in setting up new establishments and failure in tapping internal potential. This leads to a disproportion in the internal industrial structure. In the course of improvement and rectification, we must be determined to readjust the internal industrial structure, promote technological progress, improve and strengthen management, cut back the production of products in excessive supply, promote the production of products in short supply, and follow the path of producing greater output and achieving higher economic results with little input.

In industrial structural readjustment, the emphasis is to develop energy, raw materials and other basic industries, guarantee a steady increase, and gradually alleviate the contradictions between the basic industries and the processing industries. At present, our main attention should be focused on readjusting the product mix and the enterprise organizational structure. Product mix should be adjusted in a timely manner to suit the new situation of a sluggish market and on the basis of the forecast of future market changes. Meanwhile, we should actively conduct developmental adjustments, attach importance to upgrading and renewing products and greatly develop new products, new varieties to make sure that when a generation of products are produced, a new generation is studied and developed. In this way, we can gradually cover the market with more highly competitive and backbone products. Regarding adjustment of the organization of enterprises, in view of the problem that large, medium-sized and small enterprises are developing in their own way and are loosely organized, we should emphatically support the development of large and medium-sized state enterprises, give them necessary priorities in the supply of funds, energy resources, raw materials and means of transportation in line with the state's industrial policy and fully develop their backbone role. Supported by large and medium-sized enterprises and through contract, merger and cooperation among enterprises and development of enterprise groups, we should promote the development of a great number of small enterprises, upgrade the levels of specialization and socialization of the entire industry and increase scale efficiency.

We should actively lead township enterprises to a healthy development in line with the principle of adjustment, consolidation, transformation and improvement. Policies toward township enterprises should be kept stable in general and should be rationally adjusted and continuously improved. The growth of township enterprises should be properly controlled. During the period for improvement and rectification, in general, we should not establish new township enterprises except in the localities which have developed township enterprises later than others. Such localities may properly develop new projects that conform to the industrial policy and the requirement for adjustment of product mix.

Increasing production, practicing economy, increasing revenues and reducing expenditures constitute a principle for socialist construction that we should adhere to

on a long-term basis, and also an important link in the endeavor of improvement and rectification. We should rely on and mobilize the masses to carry out this principle and the socialist labor emulation persistently, extensively, and thoroughly. In particular, we should succeed in management of various fields, persist in high standards and strict demand, conscientiously check waste, eliminate the numerous phenomena of extravagance and effectively increase income and reduce spending.

6. We should correctly handle the relationship between the endeavor of improvement and rectification and the indepth reform and unswervingly implement the general principle of reform and opening up.

The "decision" of the Party Central Committee and the speeches of Comrades Jiang Zemin and Li Peng gave an explicit exposition on the relationship between the endeavor of improvement and rectification and the indepth reform, and stressed that improvement and rectification are carried out on the premise that the general principle of reform and opening up is persisted in, that during the period when improvement and rectification are carried out with concentrated efforts, reform and opening up should be focused on them and serve them and that neither improvement and rectification nor the indepth reform is the purpose and they are carried out to achieve a sustained, stable, and coordinated development in the economy. The endeavor of improvement and rectification creates necessary conditions for the indepth reform which, in turn, serves as a guarantee for the endeavor. These two are inseparable, and it is wrong to set improvement and rectification against the indepth reform. Improvement and rectification never mean to stop reform and opening up, still less to regress. The deepening of improvement and rectification is bound to be accompanied by the deepening of reform. "Being inactive toward improvement and rectification means being inactive toward reform." Like what was pointed out by Comrade Deng Xiaoping, we should always persist in the general principle of reform and opening up in the future and make more stable, better, and even quicker steps in reform and opening up.

We should adhere to the socialist orientation when deepening reform. Through reform, we should establish an economic operation system which combines the planned economy with market regulation and develop the socialist economy which allows the coexistence of various sectors of the economy with public ownership remaining predominant. On this premise, we should continuously push reform and opening up forward.

In its "decision," the party Central Committee made explicit stipulations on the focus of the effort to deepen and improve reform. Based on the actual conditions of our province, we should emphasize the following work in order to deepen reform. First, through implementing the guidelines of the fifth plenary session of the party Central Committee, we should further eliminate the misgivings of some cadres and ordinary people and enhance

their faith in reform and opening up. We should pay attention to protecting and boosting the enthusiasm for reform of the masses of cadres and ordinary people. The "no changes in five areas and no retreat in one area" declared by the provincial party committee and government should be carried out continuously. Second, on the premise that the continuation and stability of policies are maintained, we should improve the various reform measures in practice. Reform measures that have proven conducive to promotion of productive forces through practice should be persisted in, those imperfect should be improved and supplemented as soon as possible and those that have proven wrong through practice should be corrected but in a very prudent manner instead of being canceled altogether. In particular, the enterprise management contract responsibility system and the rural household contract responsibility system all help to spark the people's enthusiasm and should be adhered to continuously. We should continue and improve the plant director responsibility system and deepen the reforms within enterprises. People managing enterprises on a contract basis should be kept relatively stable especially at large and medium-sized enterprises, and those competent to their work, in general, should not be replaced. Through improving the contract system, we should establish and improve the system under which enterprises are capable of developing and regulating themselves and being responsible for their own profits and losses in order for enterprises to optimize their management and raise their levels in production and operation. Third, the ongoing experimental institutional reform, housing reform and comprehensive reform in planning, monetary work, and material supply should be continued. We should also encourage cadres and the public to actively explore new experiences in reform, with the focus on improvement and rectification.

The party Central Committee's "decision" again clearly announced that "opening to the outside world is China's long-term principle which will not be changed." The endeavors of improvement and rectification and opening to the outside world are mutually promotive. We should make the best use of all favorable international conditions we can use, expand foreign trade actively, steadily and with better results, develop foreign economic and technological cooperation and facilitate the development of our province's export-oriented economy. We should fully develop the advantages of coastal areas, make the Shandong peninsula economic open zone and the Qingdao and Yantai economic and technological development zones more successful, expand economic and technological cooperation with foreign countries, and give full play to the role of coastal areas as a showcase to lead the development of the export-oriented economy as a whole.

7. We should maintain social stability and provide a good political environment for improvement, rectification and indepth reform.

Comrade Jiang Zemin pointed out that to fulfill the tasks for economic construction, we should have a political



guarantee, which should be full and strong. The current endeavor of improvement and rectification represents a large adjustment in the national economy. Only with political and social stability can we guarantee the smooth progress of this endeavor. Comrade Deng Xiaoping stressed that stability meets the overall interests and is an overriding task. Without a stable situation, nothing can be accomplished.

Since the beginning of this year, particularly since the Fourth Plenary Session, we have done much in halting turmoil, opposing rebellion, upholding the four cardinal principles, opposing bourgeois liberalization, and stabilizing the situation and has achieved remarkable results. However, we must recognize that the international macroclimate has remained unchanged. The bad influences created by the turmoil and the counterrevolutionary rebellion have not been completely eliminated. Some ugly social phenomena and criminal activities have remained fairly serious. Along with the progress of rectification and the deepening of reform, new problems and contradictions will emerge. It is not realistic to mainly rely on economic means to solve these problems. We must fully display the party's political advantages, persist in the principle of "grasping with both hands," and create a good political environment for improvement, rectification and deepening of reform. At present, we must particularly grasp the following few points well:

First, we should carry out the struggle of upholding the four cardinal principles and opposing bourgeois liberalization through to the end. At present, the idea of bourgeois liberalization still remains the main danger affecting stability and unity. Continued efforts should be made to grasp the education on upholding the four cardinal principles and opposing bourgeois liberalization, take serious and earnest steps to conduct investigations, and thoroughly eliminate the serious consequences caused by the turmoil and the counterrevolutionary rebellion.

Second, we should use the guidelines of the fifth plenary session to unify the thinking and understanding of the people inside and outside the party. This is the basis and premise for stabilizing the overall situation. It is necessary to fully display the role of positive propaganda and media, use various forms to explain the true nature and main trend of the current economic situation to the broad masses of workers, peasants and intellectuals, tell them about the difficulties lying ahead and the favorable factors for overcoming difficulties, about the objectives, tasks, and policy measures for furthering the campaign of improvement, rectification, and deepening of reform, and about the international macroclimate and the domestic microclimate. Through giving a comprehensive explanation of the situation, analyzing the reasons, and telling about our true intentions, we may arouse the political awareness of the broad masses of cadres and enhance their sense of urgency and responsibility in the rectification campaign and economic construction so that they will consciously understand, safeguard, and submit themselves to the overall situation, and submit

their immediate interests to long-term ones, the individual interests to the collective interests, and the interests of the part to that of the whole country. We must be willing to live an austere life for several years and create a good atmosphere in which all the people offer plans for the campaign of improvement and rectification and all people contribute to it.

Third, we should make up our minds to successfully launch the struggle to eliminate pornography and six vices. The party committees and governments at all levels throughout the province should consider the struggle against pornography and six vices as an current important task, and based on the previous work, further strengthen leadership, and grasp the work firmly and well. All departments concerned should maintain close cooperation, fight in coordination, and make resolute efforts to thoroughly eliminate pornography and six vices. At the same time, we should actively invigorate the socialist literary and art undertakings, activate the cultural life of the people, and occupy the ideological and cultural sphere.

Fourth, we should appropriately solve the problem of unemployment. Along with the deepening of the economic rectification drive, the problem of unemployment will become increasingly conspicuous. To counter this, party, government, and other pertinent departments at all levels should size up real situation, and study and adopt corresponding measures as early as possible. They should try every possible means to open up new production channels, and make appropriate arrangements for urban job-waiting persons in production and livelihood. The surplus labor force, in particular those contract workers and temporary workers who have returned from urban areas should be organized to engage in developmental agriculture and socialized service trade in order to develop production in depth and breadth.

Fifth, we should make comprehensive efforts to improve public order. We should deal stern blows to and positively prevent serious criminal offenses of various kinds, and should maintain sharp vigilance and take strict precautions against the sabotage and schemes of hostile elements in order to ensure social stability and order.

To strengthen the ideological and political work and create a fine political environment, we must pay attention to exploiting the role of such mass organizations as trade unions, Communist Youth League organizations, women's federations as well as the role of militia organizations. All mass organizations and militia organizations should formulate their work programs, and set forth definite demands and measures in line with the guidelines of the Fifth Plenary Session of the 13th CPC Central Committee; and should implement their work programs in a down-to-earth manner in a bid to make due contributions to improving the economic environment, rectifying the economic order, and deepening reform.

8. We should strengthen party leadership, and ensure that the task of economic rectification will be fulfilled.

The task of the current economic rectification is very arduous. The success or failure in this task hinges on party leadership. While improving the economic environment, rectifying the economic order, and deepening reform, party organizations at all levels throughout the province should fully display their role as the core of leadership and as fighting fortress, should give play to the vanguard role of party members, and should unite and guide the vast number of cadres and the masses to overcome difficulties and win a victory in the economic rectification drive. To this end, we should pay attention to the following several points.

First, when studying and implementing the guidelines of the Fifth Plenary Session of the 13th Party Central Committee, we should earnestly review the work in the past, summarize experiences and draw lessons from the past work in line with Comrade Deng Xiaoping's instruction on "calmly thinking about the past and considering the future, so as to seek unity in thinking among leading strata. In the course of realistically affirming achievements and the major trend, we should strive to find out problems, analyze reasons for these problems, and draw lessons from these problems in line with the respective local conditions.

Second, we should conscientiously study the basic theory of Marxism-Leninism-Mao Zedong Thought as well as the works of Comrade Deng Xiaoping. We should stir an upsurge of studying and applying Marxist theories among all party members and cadres of the province in order to arm their minds and guide their actions with dialectical materialism and historical materialism. In particular, leading cadres at or above the county level should master Marxist philosophy and the basic Marxist viewpoint, should persist in dialectical materialism, should avoid metaphysics, and should guard against and overcome onesidedness in their work. In carrying out the economic rectification drive, we must study and apply a dialectical materialist point of view, must persist in the principles of doing everything in line with realities and seeking truth from facts, and must avoid subjectivism and oversimplification.

Third, we should uphold democratic centralism. Democratic centralism is a fundamental organizational principle of the party as well as a key guarantee for achieving a success in improving the economic environment and rectifying the economic order. Over the past years, some localities and units slackened discipline. Thus, phenomena of selfish departmentalism and decentralism began to gain ground. Based on democratic centralism and unification, we should strengthen discipline and ensure the smooth implementation of the central authorities' principles and policies.

Fourth, we should uphold the mass line and improve the style of leadership. To achieve a success in improving the economic environment and rectifying the economic

order, we should pool the forces of the masses and rely on them to create experiences and accomplish the tasks. Only when we clearly explain the principles to the masses will they be able to understand and undertake the tasks and consciously go into action. To attend to the improvement of the economic environment and the rectification of the economic order, we should carry out the work method of upholding the mass line just like the war time and the early days of the founding of the PRC. On the one hand, we should let the masses understand the situation, tasks, and policies; on the other hand, we should pool the opinions and wisdom of the masses to form correct policy decisions and guiding principles. Party and government leaders at various levels should realistically improve work style, go deep to the masses and reality to conduct investigation and study, become one with the masses, and prevent and eliminate bureaucracy. We should advocate the methods of "visiting common people, eating the food that peasant families have, doing manual work, and hearing the voice of the people;" be concerned about the weal and woe of the masses; and do our best to help them solve problems.

Fifth, we should strengthen the construction of party organizations at various levels. Improving the economic environment, rectifying the economic order, and deepening reforms is a severe and real test for each and every party organization and each and every party member. Party organizations at various levels across the province should strengthen self-construction in line with the party's basic line and the guidelines of the fifth plenary session. We should pay close attention to the improvement of party style and administrative honesty. Punishing the corrupt and being honest in performing official duties is a content of improving the economic environment and rectifying the economic order as well as a condition for guaranteeing the improvement of the economic environment and the rectification of the economic order. We must strengthen the construction of party organizations and attach primary importance to the construction of leading bodies. Party committees at various levels, particularly party committees at the county level, should adopt effective measures for firmly solving the problems due to the lax and flabby state of grassroots leading bodies. Party and government cadres at various levels, particularly leading cadres, should play an exemplary role in the course of improving the economic environment, rectifying the economic order, and deepening reforms. We should take the lead in implementing the central authorities' instructions, take the overall situation into consideration, stress party spirit, and observe discipline. We should be the first to be inspired with enthusiasm to promote the current industrial and agricultural production and the work in all spheres. We should play an exemplary role in tightening the belts, carry forward the spirit of self-reliance and arduous struggle and the spirit of developing undertakings through thrift, and oppose waste and extravagance. We should take the lead in carrying forward the party's

three great work styles and restore and develop the close fish-and-water relationship between the party and the people.

The fifth plenary session of the 13th party Central Committee formulated major policy decisions on our country's economic construction and reform and showed us an orientation of advance. We should closely rally round the party Central Committee with Comrade Jiang Zemin as its nucleus; be inspired with enthusiasm; go all out to make the country strong; work with one heart and soul; guide all people of the province to comprehensively accomplish the tasks for improving the economic environment, rectifying the economic order, and deepening reforms; and make new greater contributions to promoting the sustained, steady, and harmonious development of the province's economy and to building socialism with Chinese characteristics.

### Shandong Reports Rectification Results

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[Text] Jinan, March 20 (XINHUA)—The nationwide drive to improve the economic environment and rectify the economic order has brought a stable and harmonious situation to Shandong, one of China's major industrial and agricultural provinces.

On the basis of the rectification drive, the province's industrial output value in the first two months of this year reached 14.93 billion yuan (about 3.2 billion U.S. dollars), 3.5 percent more than in the same period of last year.

The province's volume of export in the two months amounted to 475 million U.S. dollars-worth, 14.5 percent more than in the same period of last year. Meanwhile, its total financial revenue reached 1.318 billion yuan, 5.44 percent more than in the same period of last year.

As a result of the rectification drive, the province has given priority to the development of agriculture. It poured 1.2 billion yuan into this economic sector last year, 30 percent more than in the previous year. As a result, despite various serious natural disasters, its total grain output reached 32.5 million tons last year, 250,000 tons more than in 1988.

Meanwhile, the province has also concentrated its efforts on restructuring its industrial products and developing new products. Its total industrial output value amounted to 191.6 billion yuan last year, 18 percent more than in the previous year. Besides, 172 varieties of new products up to the advanced international level and 848 varieties up to the national advanced level were developed. The output value of newly-developed products reached 7.7 billion yuan and 1.095 billion yuan, respectively, both of which were records.

Meanwhile, the investment scale has been controlled. The construction of 1,189 projects was stopped, reducing spending in this field by 3.23 billion yuan. On the other hand, priority was given to the construction of projects for basic industries such as energy, communications and raw materials, thus providing staying power for the province's economic development.

The circulation has also been rectified. In 1989 some 2,938 companies, or 17 percent of the province's total, were closed or merged and the business scope of 2,534 companies, or 16 percent of the total, were readjusted. Meanwhile, 1,941 companies were discovered and punished for having been engaging in illegal business activities.

On the other hand, legal businesses were protected. The province's total volume of retail sales of social commodities reached 54 billion yuan, 10 percent more than in 1988. Price rises have been controlled and the market is now stable and flourishing.

The situation of finance in the province has also turned for the better. The comprehensive remaining sum of bank savings amounted to 72.47 billion yuan at the end of last year, 13.47 billion yuan more than at the beginning of the year. The province's annual financial avenue last year grew by 15.2 percent.

New progress has been made in export-oriented economy of the province. Thanks to the perfection of policies on foreign trade and the restructuring of products for export, the province's total purchase value of commodities for export amounted to 10.1 billion yuan last year, 7.2 percent more than in 1988. Its export volume reached 3.05 billion U.S. dollars-worth, 2.4 percent more than in 1988.

Last year the province signed 485 contracts with foreign businessmen. These contracts involved a total of 553 million U.S. dollars in foreign funds, 315 million of which, or 2.2 times the amount for the previous year, was already invested in the province. Besides, a total of 240 foreign-funded enterprises were approved to be set up in the province.

Shandong's gross national product and national income last year reached 119 billion yuan and 105 billion yuan, respectively. These were 8.1 percent and 7.8 percent, respectively, more than in the previous year.

The people are also enjoying an improved standard of living. The per-capita annual income for urban residents last year amounted to 1,254 yuan, 15.6 percent more than in the previous year. In the meantime, the per-capita net annual income of rural people in the province reached 630.6 yuan, eight percent more than in 1988.

### Shandong Economic Open Zone's Development Viewed

SK1703040390 Jinan DAZHONG RIBAO in Chinese  
10 Feb 90 p 1

[Summary] Through conscientiously implementing the policies of reforms, opening to the outside world,



improving the economic environment, and rectifying the economic order, the cities of the Shandong peninsula economic open zone have scored gratifying achievements in using foreign capital. In 1989, the zone approved 323 contracts on using foreign capital. A total of \$322 million were involved in the contracts, an increase of 8.2 percent over the previous year. The foreign traders' real investment reached \$172 million, an increase of 1.31 times over the previous year.

Since the beginning of last year, Qingdao, Yantai, Weifang, Zibo, Weihai, and Rizhao cities of the zone have concentratively improved the investment environment to draw foreign traders' attention. Four 10,000-ton-class berths covered in the Yantai Xigangchi expansion project have been available to the users, a sundry goods berth in Shijiu Harbor was completed, express trains between Jinan and Qingdao and between Yantai and Qingdao have gone into operation, 100,000 program-controlled telephone lines have been available to users, and the project for diverting Huang He water to Qingdao was completed ahead of schedule. Upon the completion of Huangdao and Longkou power plants, 410,000 kw power generation capacity was newly added and the strain on power supply has been greatly alleviated.

So far, there are 166 wholly foreign-funded enterprises, Sino-foreign joint ventures, and Sino-foreign cooperatives in the zone. Last year, these enterprises realized 736 million yuan of industrial output value, generated 44.6 million yuan of profits and taxes, and created \$68.6 million foreign exchange through exports.

#### Shandong Sees Achievements in Punishing Criminals

SK1603014590 Jinan Shandong Provincial Service  
in Mandarin 2300 GMT 14 Mar 90

[Text] Since last year, the courts at all levels throughout the province have closely cooperated with the public security, procuratorial, and judicial departments and the Women's Federations to strictly punish 621 criminals guilty of abducting and selling women and children, thus succeeding in effectively puncturing the arrogance of criminals guilty of abducting and selling women and children.

Regarding the cases of abductions and selling of people which had been sent to courts, the courts at all levels throughout the province consistently adhered to the principle of dealing heavy and quick blows to the criminals while handling cases and guaranteed that the chances of winning a battle will not be bungled during the trial. This has better displayed the role of the criminal law in frightening criminals.

The Dezhou Prefectural Intermediate Court, while trying a case on abducting and selling women and children which involved 25 defendants and more than 150 clique members, concentrated judicial forces to form eight collegiate benches, to work extra shifts or extra hours to investigate and interrogate the criminals, and promptly ended this case on abduction and selling of

people which was unprecedented in our province. Six arch criminals were sentenced to death.

At the same time, in trying such cases, courts at all levels paid attention to discovering, ferreting out, and (words indistinct) on the one hand, while giving economic sanctions to criminals on the other in an effort to eliminate the material foundation for criminals to commit crimes. They also confiscated criminals' paraphernalia for committing crimes, illicit money for abducting and selling people, and their illegal gains. Through trying cases, courts at all levels also actively cooperated with the departments concerned to save the broad masses of women and children. Last year, the Dongying City Intermediate People's Court alone saved 35 victimized women and children.

#### Shanghai Issues Statistical Communiqué

OW0903020290 Shanghai WEN HUI BAO in Chinese  
28 Feb 90 p 1

[By reporter Yang Ying (2799 5391)]

[Text] In 1989 Shanghai achieved initial results in implementing the policy of improving the economic environment, rectifying the economic order, and deepening reform. According to an initial estimate, the municipality's gross product in 1989 was 69 billion yuan, an increase of 5.3 percent over 1988; national income was 60.1 billion yuan, up 5.4 percent over the previous year. This was announced by Li Maohuan, director of the Shanghai Municipal Statistical Bureau, at a news briefing to make public the statistical communiqué on Shanghai's economic and social development in 1989.

The municipality's industrial output value in 1989 was 151.500 billion yuan (calculated on the basis of current prices), an increase of five percent over 1988, fulfilling the planned annual growth target. Of this, the output value of heavy industry was 72.6 billion yuan, up 6.5 percent over the previous year; the output value of light industry was 78.90 billion yuan, an increase of 3.8 percent over 1988. The output value of the municipality's 186 readily marketable key products rose 12.1 percent over the previous year; the output value of export products went up 11.1 percent. Production plans for industrial consumer goods for daily use, which were part of the 51 kinds of products whose production and marketing were under supervision and control, were fulfilled or overfulfilled.

The municipality's agricultural output value in 1989 was 6.1 billion yuan (calculated on the basis of current prices), up 1.3 percent over the previous year. Due to a large decrease in the acreage sown to cotton and rapeseed, their output decreased by a large margin. The annual total grain output was 2.32 million metric tons. Although lower than that of last year, it surpassed the annual plan by more than 10 percent.

In 1989 Shanghai's investment in fixed assets was 21.4 billion yuan, a decline of 2.8 billion yuan from the

previous year or a drop of 11.6 percent. The year's investment in fixed assets by local governments was eight billion yuan, basically kept within the target set by the state plan. Although vigorous efforts were made to curtail the scale of investment in fixed assets, the construction of large and medium-sized key projects was strengthened, and the rise of consumer demand was brought under control. Last year, the municipality's total payroll of workers and other employees amounted to 12.6 billion yuan, an increase of 14.5 percent over the previous year, but the rate of increase was 7.4 percentage points lower than that of the previous year. Annual wages of workers and other employees averaged 2,500 yuan, an increase of 14.6 percent over the previous year, but after adjustment for price rises, the actual wage was nearly as much as that in 1988. According to a sample survey, the average per capita net income of peasants in suburban counties was 1,520 yuan, up 16.8 percent over the previous year, but after adjustment for price rises, the actual income was basically the same as in 1988.

In 1989 the municipality's measures to bring rising prices under control began to yield results. The price index fell notably. The year's retail price index rose 16.7 percent, markedly lower than the 21.3 percent in 1988. The municipality's total retail sale volume was 35.3 billion yuan, an increase of 12.5 percent over the previous year, or a decline of 3.5 percent after adjustment for price rises.

In the past year the municipality's export volume exceeded the \$5 billion mark for the first time to reach \$5.32 billion, an increase of 9.3 percent over the previous year and fulfilling the annual export plan drawn up at the beginning of the year. In 1989, \$1.2 billion worth of projects utilizing foreign capital were approved in Shanghai, up 13.9 percent over the previous year, including 199 projects with direct investment by foreign businessmen. The total amount of direct foreign investment was \$306 million, up 7.9 percent over the previous year. The number of foreign-invested productive projects increased. Last year 14 projects with foreign investment of over \$5 million each were approved in Shanghai.

In 1989 the municipality invested more than three billion yuan in the construction of infrastructural facilities, and the 12 projects which the municipal government planned to do at the beginning of the year in the interest of the people were completed on schedule. Advances were made in science, technology, education, and other undertakings. Last year scientists and technicians throughout the municipality successfully completed 1,855 research projects in natural sciences. In the national science and technology awards appraisal, 16 research projects from Shanghai won state invention prizes, making Shanghai rank first among the country's provinces and cities; 54 projects won state science and technology progressive prizes; and seven projects won state spark prizes. Throughout the municipality, 1,553 scientific and technological achievements were popularized and applied, accounting for 83.7 percent of the total

number of scientific and technological achievements. Last year funds for education appropriated by the municipal finance department rose 16.7 percent over the previous year. Enrollment of college students in the municipality was brought under control; the enrollment system was further improved; college distribution and the specialty structure were adjusted.

Director Li Maohuan noted that long-standing problems accumulated over many years, such as the irrational economic structure and low economic efficiency, have not yet been thoroughly solved. In the wake of our entrenchment policy new problems have emerged, such as a weak market and enterprises operating below capacity. These problems must be resolved by continuing the policy of improving the economic environment, rectifying the economic order, and deepening reform.

#### **Article Analyzes 1989 Shanghai Exchange Earnings** *HK2202141590 Beijing RENMIN RIBAO in Chinese* 4 Feb 90 p 5

[Article by XINHUA reporter Xia Ruge (1115 0320 7041): What the Five Billion Tells—An Analysis of Shanghai's Work in Earning Foreign Exchange Through Exports in 1989"]

[Text] In 1989, Shanghai's exports for the first time broke the \$5 billion mark! Five billion denoted a business accomplishment through hard struggle and recorded a revelation forever in one's memory.

#### **A "Decisive Battle" Forced Out the Best Selection**

Early in 1989, following several years of hesitancy and stagnation in foreign trade, Shanghai once more faced a serious situation.

In past years, business used to be "brisk" early in the year but this time both exports and the processing enterprises frequently found themselves in a state of emergency—the wool-knitting, cotton-spinning, silk filature, chemicals, chemical fiber and the iron and steel industries all waited "rice for cooking the meals, the raw materials needed were either insufficient in quantity or incomplete in variety.

Shortage of electric power and coal caused a dire threat to processing for export. Shanghai's industrial front was forced to stop production two or three days a week and the export processing enterprises were no exception.

There was an extreme shortage in capital funds. Between foreign trade units and the export processing enterprises the mutual outstanding debts frequently went up to hundred millions of yuan and this seriously disrupted the normal progress of production, purchases and export.

Statistics up to the end of April last year showed that the whole city's exports were 9.5 percent lower than the

corresponding period of the preceding year, much higher than the average scale of all for the country as a whole.

Facing such a situation, Shanghai began to find its own way out. It concluded that development of an externally-oriented type of economy was the only road to remaking Shanghai's foreign trade image and to recover Shanghai's prestige in foreign trade.

After all, Shanghai had its own strong points. As the largest industrial base of the country, Shanghai had over 10,000 individual industrial enterprises, distributed among 157 industries and trades; in processing and coordinating capacity it occupied the first place in the country. Possessing a scientific and technical contingent with a personnel composition of over 400,000 technicians and edging itself among the world's 10 largest ports, Shanghai had already established economic and trading relations with over 170 countries and localities in the world. Although Shanghai has no mines, coalfields or oilfields but technology, products, port facilities were all the important conditions for developing an externally-oriented economy.

An important decision finally matured at the Shanghai Municipal Government: taking export in foreign trade as Shanghai's economic life line, using the foreign exchange earnings to buy raw materials and high technology, and participating in international division of work and exchange.

#### **"Benefits of Working Together With One Heart"**

However, the precondition for the rise in Shanghai's foreign trade is that it must get out from its existing difficulties.

At an export work conference held in April, Mayor Zhu Jingji made a call for working together with one heart and jointly crossing over the difficulties.

The city government took the lead in dishing out its circulating foreign exchange and self-owned foreign exchange as well as imported cotton, chemical fiber, silk, rubber, steel materials and tinplate and literally provided the export processing enterprises with "food for their meals."

"Sacrificing one's self for the protection of others," some of the plants in Shanghai known for their high consumption of energy and raw materials, of their own accord joined the ranks of those plants which had closed up or suspended operation. By so doing, they allowed the limited amounts of energy and raw materials available to play an even greater role in the development of foreign trade and export.

"Despite the stringency in the money market, something must be done in the field of finance for the sake of foreign trade and export." The banking circles, with the Shanghai branch of the Bank of China taking the lead and comprising the Bank of Communications, Industrial and Commercial Bank, Shanghai Investment and Trust

Company and the Aijian Finance Company, organized of their own accord many layers and many channels of funds-merging bodies with full coordination with each other. Within a short period of time, the Shanghai branch of the Bank of China alone took out 1.6 billion yuan of funds which it had accumulated over the years, discounted 200 million yuan of commercial notes, absorbed 150 million yuan of deposits and borrowed from abroad 300 million yuan of foreign exchange and thus increased its credit and loan capability.

The two sides of industry and trade closely cooperated with each other. They sat and discussed the problems. By the end of April, it was found that the textile system which shouldered most of the export tasks had slipped down hill the most. Under such conditions in the past, the foreign trade department would complain about the industrial department for not having delivered goods according to the agreement while the industrial department would retaliate by accusing the foreign trade department of not having made payment according to schedule. But this time the "five sisters" known in foreign trade circles and comprising the five textile products import and export companies and the textile "six companies" of the industrial system met with each other every other day and managed to cooperate and coordinate on time. The foreign trade company imported over 40,000 tons of cotton and helped the production enterprises to solve the problem of the shortage of raw materials. At the same time, the production department, under the conditions of running its own facilities in full, borrowed production spaces to catch up in time the output of the processed products for export and thus ensured the timely delivery of goods.

"The country is in trouble. What should we do?" Many enterprises put the interests of the whole situation and the state's interests in the first place. The Shanghai Wristwatch Company, after pre-fulfilling its export plan, decided to export 240,000 more wrist watches, would rather have its profits reduced by two million yuan and earned \$2 million of foreign exchange for the state.

Shanghai people confronting the serious situation, had sort of grumbled in heart and felt distressed, reestablished their sturdy determination and confidence, the machines which had laid idle were set again in motion and ships lying idle in port set their sails flying again ....

#### **Placing Reliance on This Piece of Sturdy Soil**

Once the target was selected and the difficulties were evicted, Shanghai recovered its calm and unrestrained behavior. Reform and opening to the outside world provided Shanghai with the experiences in its advance to the international market. They have come to know how to traverse the road.

Utilizing its strong points in having a powerful processing capability and low labor wages, Shanghai began large-scale processing, using materials delivered or imported from abroad. Many processing firms and trades made the following calculation: That if foreign



exchange was used to buy and import cotton and follow up with the export of the manufactured textile products then the ratio between use of foreign exchange and creation of foreign exchange would be 1:1.6; that if foreign exchange is used to buy and import pig iron and then followed up with the export of the finished steel products, then the ratio between used-foreign exchange and created-foreign exchange would be 1:1.14; and that in whatever way materials coming from the clients were used in processing, money would be earned just the same.

The relevant foreign trade companies one after another took out their self-owned foreign exchange to import raw materials for the processing enterprises or opened up businesses handling the processing of materials handed in by the customers. An apparels import and export company known to have earned over \$4 million of foreign exchange imported for the processing enterprises cotton, wool and polyester cotton. The silk filature import and export corporation which was known to have earned over \$400 million of foreign exchange actively developed the businesses of processing with materials supplied by the clients in their negotiations with customers in the U.S.A., Japan and other countries. That year alone, it created \$110 million of foreign exchange earnings from the Japanese market. It is understood in 1989 Shanghai developed over \$1 billion worth of processing business using materials supplied by the customers. It was an increase of 330 percent over 1986.

#### Good Effects From Development of New Products

In the course of developing the externally-oriented economy, Shanghai merchants have upgraded and transformed a large number of products in order to raise the foreign exchange earning capacity.

Shanghai's scientific and technological personnel of various departments and courses of study came forth in large numbers from the colleges, specialized institutions and scientific research organs while thousands of discoveries in science and technology began to be merged with production.

In the Shanghai No. 18 Wireless Plant, traditional products began to develop in the direction of high technology, multi-functional and new styles and varieties. New technologies including remote control, double-face, multi-face, combinatorial screen, and so forth, were injected into the making of color television sets.

At the Shanghai Renovated Electrical Machines Plant, 22 new types of electrical machines including integrated horse-power, disintegrated horsepower and oil-pump electrical machines were pushed into the market and invaded the market of the United States.

The four-square furnace and boiler plant produced 12 sets of large-sized oilfired heat-picking boilers and furnaces which only three countries in the world, such as the U.S.A., Japan and Canada, could produce. An American

specialist praised the products as the most satisfactory he had seen outside the United States.

In the department of the textile industry, a "13 dragon" technical task team to tackle key problems in the sectors of cotton, hemp, silk, imitation real silk, knitted coats, and so forth was formed and the integrated strong points of the products were employed to force their way into the fiercely competitive international market.

During the year the department of light industry developed over 2000 varieties of new products, and the renovation rate of the products was over 13 percent. New products such as the "Hai-ou" DF-300 camera, new type modern-style wrist watch, computer-controlled multi-functional sewing machines and so forth have all entered the American and European markets.

The frequent appearances of new products has changed Shanghai's export commodity structure. The ratio of the export of heavy, chemical, light and textile products has sharply risen, the export span of machinery and electrical products has been widened, while precise processing and intensive processing have both produced notable results.

At the same time, Shanghai's foreign trade department has formulated many-sided guidelines for expanding the sales channels and opening up international markets. For the first time they held a commodity exhibition in Los Angeles of the United States. They also held in the Soviet Union and Eastern Europe exhibitions of export products and won much success. Last year, Shanghai's volume of export transactions and the coverage area of customers greatly exceeded past years.

Along the road of the externally-oriented economy, Shanghai products flowed in a continuous chain into the international markets. By the end of November, 18 foreign trade companies had already completed the whole year's export target. Of them some companies made the prefulfillment two to three months in advance.

#### Shanghai Efforts To Draw Foreign Investment

OW2103005190 Beijing XINHUA in English  
0433 GMT 20 Mar 90

[Text] Shanghai, March 20 (XINHUA)—The municipal government of Shanghai, China's largest industrial and financial center, has decided to merge two foreign investment institutions in this year's major step to improve its investment climate.

The two institutions are the foreign investment work committee and the committee of foreign economic relations and trade.

The foreign investment work committee was initiated in 1988 with newly-elected Mayor Zhu Rongji as director. The committee adopted simplified procedures for the examination and approval of foreign-funded projects.

Ye Longfei, executive deputy-director of the work committee, said that the merger of the two organizations will

be conducive to raising efficiency and making joint efforts in solving problems which arise in the use of foreign investment.

In the past decade, the Shanghai Municipal Government has persisted in improving the investment climate in an attempt to attract more foreign funds. The city has spent 20 billion yuan (4.2 billion U.S. dollars) on infrastructure, including urban traffic facilities, telecommunications, electricity supply, public services and on the construction of an economic and technical development area.

While working as the Shanghai city mayor, Jiang Zemin, now general secretary of the Chinese Communist Party Central Committee, suggested that the administrative mechanism be established, foreign economic regulations and rules be formulated and work efficiency and a fast tempo be encouraged to meet the demands of developing an export-led economy.

Shanghai has absorbed five billion U.S. dollars worth of committed foreign investment, including 2.5 billion U.S. dollars worth of direct investment, and approved over 700 foreign-funded businesses.

In opening to the outside world, Shanghai City has developed its own ways and patterns of drawing and using foreign investment:

—Attention has been paid to channeling foreign investment to urgently needed projects.

The proportion of industrial enterprises among the foreign-funded businesses in the city with investment of five to 10 million U.S. dollars each is four times the national average. China's first hi-tech development zone in the city has attracted a number of world-famous businesses, including American Telephone and Telegraph Company of the United States, Philips Company of the Netherlands and Bell Telephone Manufacturing Co. of Belgium.

The city has also made every effort to use foreign investment for the construction of five major urban projects—the subway, a sewage treatment project, the Huangpu River bridge, airport expansion and telephone upgrading.

—Great care is taken to ensure the success of foreign-funded businesses and long-term cooperation.

An overall survey shows that 98 percent of the foreign-funded businesses in Shanghai are successful. In 1989 foreign-funded businesses in the city produced 3.6 billion yuan worth of industrial products and earned 200 million U.S. dollars in foreign exchange from exports.

The success of foreign-funded businesses depends on meticulous preparation on the part of both the Chinese and foreign partners, deep mutual understanding and good service in line with international norms, said Chen Wentong from the Shanghai Foreign Investment Committee.

The duty of the committee is to coordinate efforts to help operational foreign-funded businesses overcome difficulties in their production.

While working in Shanghai, Jiang Zemin reaffirmed time and again that there should be long-term planning for cooperation with foreign businessmen. The persistent implementation of this principle has paid off in Shanghai.

A number of its major foreign-funded businesses, including Shanghai United Woolltex Corporation Ltd., Sino-American Shanghai Squibb Pharmaceuticals Ltd. and Shanghai Volkswagen Corporation for example, have decided to expand investment and extend their investment periods.

—Attention is paid to building up legal guarantees. Over the past decade, Shanghai has formulated over 30 regulations and rules concerning foreign investment and economic relations. They cover project approval, labor management, material supply, commodity checking, pensions, project design and construction, and the role of trade unions.

Under a set of local regulations, which were put into effect in February this year, the city has established 67 centers to especially handle complaints from foreign businessmen.

Last year the city's foreign investment work committee received 490 complaints from foreign businessmen and 95 percent of them were handled.

—The financial market is being developed. Financial reform in Shanghai has created a better climate for foreign investment. The existing Shanghai branches of four banks funded by foreigners and Overseas Chinese now provide inter-bank loans to foreign-funded businesses, and a number of foreign-funded businesses are allowed to issue long- and short-term bonds.

Of the total trade volume of 1.2 billion U.S. dollars worth of foreign exchange recorded by the Shanghai Foreign Exchange Center in 1989, China's first and largest, one quarter was among foreign-funded businesses.

### **Shanghai Scientists Develop Nuclear Probe**

*OW2103013890 Beijing XINHUA in English  
1448 GMT 20 Mar 90*

[Text] Beijing, March 20 (XINHUA)—Chinese scientists have developed a high-tech "nuclear probe."

According to today's "CHINESE SCIENCE NEWS," the probe, now produced by only a few advanced countries, was developed by the Shanghai Institute of Nuclear Research of the Chinese Academy of Sciences.

The nuclear probe will be used for research in biology, medicine, geology, materials science, microelectronics, and archaeology.

**Shanghai Opens New Shipping Channel***OW1503143990 Beijing XINHUA in English  
0911 GMT 15 Mar 90*

[Text] Shanghai, March 15 (XINHUA)—More than 100 ships have passed through a recently opened shipping channel at the estuary of the Yangtze River.

A Shanghai port administration official said the deteriorated Yawosha Channel had become hazardous to navigation.

Construction of the new channel, now in trial service, began last November. It is 4,000 meters in length, 7.3 meters in depth and 220 meters in width.

According to the official, the width will soon be extended to 250 meters.

Upon completion, all ships entering and leaving Shanghai port will pass through the new channel.

**Shanghai's Baoshan Steel Uses Local Products***OW1503061190 Beijing XINHUA in English  
1044 GMT 14 Mar 90*

[Text] Shanghai, March 14 (XINHUA)—More locally produced equipment has been used in the second phase of the construction of the Baoshan Iron and Steel Complex in Shanghai.

Seventy percent of the equipment was made in China.

Most components of the blast furnaces and sintering and coking facilities were designed and manufactured by domestic enterprises and 44 percent of the hot and cold rolling and continuous casting equipment was made in China.

Despite a 30 percent increase in total investment over the first phase, the foreign exchange spent on the second phase of construction has been reduced by 780 million U.S. dollars, due to the drop in equipment imports.

Dozens of the China's designing firms and hundreds of manufacturing enterprises are participating in the project's design, manufacture, and construction.

Experts say China is now capable of designing and constructing large modern iron and steel complex like Baoshan, though some key equipment and computer-control systems still have to come from abroad.

The first phase of the Baoshan project started in 1978 and ended in 1985. Most of the equipment used during that period was bought from the Nippon Steel Corporation of Japan.

**Zhenjiang City Elects New Mayor***OW2103062290 Nanjing Jaingsu Provincial Service  
in Mandarin 1015 GMT 19 Mar 90*

[Text] At the Third Session of the Ninth Zhenjiang City People's Congress, which closed today, (Qian Yongbo) was elected mayor of Zhenjiang City.

**Central-South Region****Guangdong SEZ Mayor Li Hao Interviewed***HK1903144790 Beijing RENMIN RIBAO in Chinese  
3 Mar 90 p 2*

[Newsletter from staff reporter Ji Honggeng (6060 3126 6342): "How Does Shenzhen Manage to Have the Initiative?—Notes on an Interview with Shenzhen City Leaders"]

[Text] Shenzhen was like a blank sheet of paper 10 years ago, and now it has been turned into a new and beautiful picture. As China's first special economic zone, Shenzhen is now at a new stage of development—an export-oriented economic structure is taking shape while the city is playing the role of a window display and base for reform and opening up.

A national conference on work concerning special economic zones was held in Shenzhen in early February of this year. Taking this opportunity, this reporter interviewed Li Hao, mayor of Shenzhen; Qin Wenjun, deputy secretary of the city party committee; and Zhu Yuening, vice mayor.

Question: We feel that the situation in Shenzhen is excellent. Could you tell me how the Shenzhen special economic zone has embarked on a benign cycle of economic development?

Answer: After the 1986 national conference on work concerning special economic zone which set forth the orientation for development of special economic zones, we took action to lower the excessively high growth rate of capital construction, suspending one-third of the planned projects, and stopping construction of 51 buildings with over 18 stories each. Meanwhile, we have made every effort to ensure support for all key projects that deserved to be carried on, mostly related to the export-oriented economy and energy industry. As a result, Shenzhen's economy which had been in a passive position began to be activated.

We did not halt at the initial success. In the past few years, we have made constant efforts to maintain a balance between readjustment and development, repeatedly and unremittently readjusted the economy, and tried to avoid drastic economic boom or recession. In the past, we in Shenzhen had paid too much attention to developing the tertiary industry, and had built many hotels. In the past few years, we have done our best to build up a production structure as planned, facilitated a



change in the guiding ideology, form, and strategy of economic operation, constantly enhanced a sense of export-oriented economy, worked in a down-to-earth manner to promote industrial development, and implemented the principle of integration of industry and trade, with industry playing a leading role. The proportion of investments in export-oriented industrial enterprises has been gradually increasing these years. At present, in Shenzhen there are 2,585 enterprises run with foreign capital, Overseas Chinese capital, and with both Chinese and foreign capital, in addition to more than 5,000 enterprises dealing in processing with supplied material, drawings, and samples, and in assembling with supplied parts.

We have helped some enterprises in the special economic zone withdraw step by step from the business form of processing with supplied material and assembling with supplied parts, and to embark on production of goods on the orders of foreign firms and to establish exports production bases in other parts of the country. We have given special support to some enterprises which are earning more foreign exchange than others in export trade, and have thus gradually developed an export-oriented economic structure which integrates supply of raw materials, processing, productivity of added value, and export. Meanwhile, we have also helped some enterprises mainly engaging in export of China-made products to gradually shift to production of industrial goods for export. In 1989, Shenzhen's gross export volume was \$2.17 billion and its gross import volume was \$1,597 million, with an export surplus of more than \$500 million. The proportion of industrial products to exports in term of value has increased by nearly 600 percent since 1985 before readjustment. Shenzhen has also been playing the role of a window display and base for reform and opening up in importing manufacturing technology, know-how, and product formulas to the hinterland of China and in establishing in town more than 3,900 enterprises which are maintaining lateral ties with their counterparts elsewhere in the country. So we may conclude that Shenzhen would have not embarked on a benign economic cycle without persisting in readjustment and shifting onto the track of export-oriented economy.

Question: The special economic zone is on the frontline in the opening up process and is located at the junction of the international and domestic markets. It maintains close economic ties with Hong Kong, Macao, and the international market. Under such a circumstance, how do you handle the relations between the planned economy and market regulation?

Answer: The socialist planned economy is like a "visible hand," while market regulation is the "invisible hand." These two hands should perfectly coordinate with each other to ensure healthy and rapid economic growth. We will get nowhere if we are solely devoted to the market economy and give up the planned economy as a macro-economic regulation mechanism. In fact, there is no

longer a pure market economy even in capitalist countries where their governments intervene in economic operation to a varying extent by means of currency, finance, banking, tariff, and so on. While constantly engaging in economic readjustment last year, we have been steadfastly implementing the guideline laid by the central authorities and earnestly carrying out the operation of improving the economic environment and rectifying the economic order. In Shenzhen, the scale of investment in capital construction has been fully under control within the limits set by the central authorities. A total of 280 projects were suspended or postponed, leading to a reduction of the gross investment value by 3.1 billion yuan. A number of companies were sorted out and consolidated, some enterprises that had been operating without business licenses or that had illegally set up branches were closed down, action was taken to bring the institutional purchasing power under control, and price hikes have dropped considerably. At the same time, we launched some new experiments regarding the in-depth reform: establishing investment management companies to exercise the duty of supervision over those state assets at the city government's disposal; introducing a system of compensated use of land through tender or public auction; launching pilot projects regarding the joint-stock system in state-owned enterprises; and so on.

Of course, the role of market regulation can never be overlooked since Shenzhen is a special economic zone. A special economic zone must give full play to the role of market regulation because of the special features of its economic structure, its goals and tasks, its close ties with the international market, and its developed commodity economy. As compared with the commodity economy in the hinterland, the commodity economy in a special economic zone covers a wider scope and assumes a more advanced and flexible form. The economic operational mechanism of a special economic zone must be moulded basically according to international practice.

We hold that the value of the special economic zone is that it offers a site for practice, study, and experiment. When a person learns acupuncture treatment, he may experiment on his own body. Similarly, the special economic zone must make its contributions to the study of the way to build socialism with Chinese characteristics. If an experiment is successful, the experience derived therefrom can be applied to other parts of the country; and if an experiment fails, we may modify it.

Question: Around 4 June of last year, some people said there was a "Shenzhen phenomenon" here. Could you talk about this topic?

Answer: Due to this special economic zone's special role and geographical location, we in Shenzhen were overwhelmed by absurd and sensational views and rumors that kept pouring in from the outside world at that time. But Shenzhen suffered no serious turmoil, its export-oriented economy kept on developing smoothly and society here remained stable. That is what some people called the "Shenzhen phenomenon." As leading people

of Shenzhen City, we have not devoted less energy and time to building spiritual civilization than to building material civilization. Quite a few inspection groups from various central departments have regularly visited Shenzhen to carry out inspections. They have found no Shenzhen cadres involved in cases of illegally building private houses, and street wrangling and fighting are not very common here. Of course, we are not saying that all evil phenomena have been stamped out here. We are now vigorously strengthening ideological and political work, and sternly fighting against criminal activities and the six vices. A total of 57 sauna massage parlors rendering service by the opposite sex have been closed down.

Question: What is your tentative idea about Shenzhen's second 10-year plan?

Answer: The 1990's should be a stage of development and maturity for Shenzhen. We hope to build Shenzhen into an important export base of China; a successful experimental zone for the reform of the economic and political structure; and a socialist display window enjoying economic prosperity and political improvement. And we will do our best to make greater contributions in building socialism with Chinese characteristics.

The second phase of infrastructure construction in Shenzhen will consist of nine big projects, namely, the drinking water project, the power plant project, the Yantian port, the airport, the railway station reconstruction project, the Huanggang customs check spot, the sewage disposal project, the highway network, and the telecommunications facility. These projects will not be financed with investments by the state but be run with self-raised funds, loans from banks, and funds secured from abroad. When all these projects are completed, Shenzhen's environment for investment will be further improved and its economic power will be stronger still.

### Guangdong Local, Overseas Markets Slowing

HK1503004790 Hong Kong MING PAO in Chinese  
5 Mar 90 p 9

[Report by Hsia Ping (1115 1627): "Some Eight Percent of Guangdong Enterprises Suspend Production; the Slump Market Increases Difficulties for Them To Recover"]

[Text] The slump market has resulted in eight percent of Guangdong enterprises suspending production and seven percent of workers staying idle at their homes. For this reason, it is a pressing task for Guangdong to recover the market as quickly as possible this year. A few days ago, vice governor Kuang Ji pointed out that we should work along various lines and deal with the slump market in an all-round way.

It has been reported that Guangdong's commodity market is divided into three parts: First, the provincial market which accounts for 50 percent of the total; second, the market of other provinces and cities which

accounts for 30 percent; and third, Hong Kong, Macao, and overseas market which accounts for 20 percent. In light of the extent of the slump market and relevant characteristics, flexible measures should be adopted to deal with the three major markets.

The provincial market is the largest one for Guangdong commodities and also the most thorny problem for boosting the market as a whole. Personages from Guangdong's economic circles are confident in boosting the provincial market. The confidence is mainly manifested in the following:

First, thanks to the 10 years of reform and opening up, Guangdong inhabitants have become well-off before their counterparts in other provinces. The amount of savings deposits of Guangdong inhabitants is alarming and their purchasing power is strong. The province's 1989 retail sales volume is more or less the same as 1988 and the provincial market is not adversely affected by the austerity policy.

Second, adopt a series of measures to ensure steady enterprise development. For example, the economic responsibility system of most of the enterprises throughout the province will be extended to 1992 or 1995 so that enterprises will have a relatively long period of stability. Meanwhile, under the environment of improving the economic environment and rectifying the economic order, loans for enterprises will be increased in light of Guangdong's actual reality. The province's Industrial and Commercial Bank has decided to grant an additional five billion yuan of loans to help the enterprises in difficulties.

Third, Guangdong will continue to maintain a high economic growth this year. According to the "Government Work Report" (draft) distributed to the provincial People's Political Consultative Conference standing committee members in advance for deliberation, Guangdong's economic growth this year will be five percent. An official disclosed that the provincial government will work in light of the economic growth of 10 to 15 percent because we can reduce the increasing number of enterprises shut down in Guangdong and ensure that the increase in workers' wages will not be lower than last year only by maintaining a sustained economic growth. Moreover, the increase in inhabitants' incomes and the ample supply of commodities can stimulate market consumption. Home delivery services and promoting sales in countryside by the commodity units and the measure to cut sales prices will also increase the possibility of market recovery in Guangdong.

Nevertheless, high economic growth is like a knife with two blades. On the one hand, it can bring about market prosperity and boost consumption, and on the other hand, it can lead to large scale overstock. Hence, it is necessary to correctly guide consumption, increase the variety of commodities, improve qualities, and develop the markets of other provinces.

The markets of other provinces are now closed to Guangdong. As the markets nationwide are slump, some provinces adjacent to Guangdong have erected barriers at the border, prohibiting Guangdong goods from entering their markets. We should break through such local trade protectionism only by relying the means of commodity economic competition. The means include:

First, gain the initiative to launch an offensive. Mobilize large numbers of sales representatives to promotes sales in other provinces. Of all the provinces, Guangdong has taken the lead in continuing the system of linking wages of sales representatives with the volume of their sales to arouse their enthusiasm.

Second, increase the variety of products and improve qualities, and try to win in the competition with other provinces. According to the Guangdong Knitting Goods Fair which just concluded, as Guangdong is superior to other provinces in both variety and quantity of knitted goods, the manufacturers of other provinces placed a large number of orders. At the time when the country's knitted goods market is still in a slump, the volume of transactions totaled 15 million yuan in Guangdong, a good beginning in developing the market of other provinces.

The overseas market has always been Guangdong's lifeline. In the beginning of the year, Qiao Shi, Li Ruihuan, and others paid inspection tours of Guangdong one after another, affirming the export-oriented road taken by Guangdong. In light of the measures adopted by the provincial government, Guangdong's export-oriented economy is gradually changing from the decentralized township enterprises to centralized groups in urban areas. Not long ago, Guangdong supported Huizhou's export-oriented economic development and established two sealed export-oriented processing industrial areas in Shenzhen. A few days ago, the responsible person of the province's economic and trade committee announced that the whole of Zhuhai will be built into an export-oriented economic city within three years. These group or urban-type export-oriented industrial zones adopted the methods of drawing large amount of foreign capital and marketing the products abroad. As a result, this eased Guangdong's financial shortages and promoted the province's economic development. Moreover, the products did not constitute a pressure to the domestic or provincial market.

So long as the provincial government cooperates with various fields to make overall arrangements for the three major markets, personages from the economic circles believe that there will be more hope for Guangdong's market recovery.

**Guangdong Commodity Prices Viewed by Wen Wuhan**  
*HK0603052#90 Hong Kong TA KUNG PAO in Chinese*  
26 Feb 90 p 2

[Article by Liu Li (0491 0448): "Regulate and Control Prices, Affect Comprehensive Management—Excerpts of Speech by Wen Wuhan, Director of Guangdong Price Research Institute"]

[Text] After 10 years of price reform, opening, and enlivening, Guangdong has obtained obvious results. However, during the current economic improvement and rectification period, Guangdong's first objective is to cure inflation and stabilize commodity prices at a time when macroregulation and control still cannot be relaxed.

#### Specific Practice for Control of Commodity Prices

Guangdong's rapid raises in commodity prices have now been brought under control. Judged from the general level of retail prices, or the contraction of the increasing commodity prices, or from the changes in prices of major commodities, prices are obviously lower than in 1988. During this process, Guangdong's measures for controlling commodity prices have been successfully carried out.

First, through reducing money supply and controlling the currency in circulation we have been able to retrench demand inflation and through stabilizing finances we have been able to control commodity prices. In this way we succeeded in lowering Guangdong's loan growth rate, which has increased yearly from 22 to 74 percent since 1984, to 9.9 percent in 1989. We have, to a large extent, been able to readjust the irrational borrowing structure and optimized the industrial structure. We have withdrawn surplus currency totaling over 5.91 billion yuan and in this respect we rank first in the country. As for the reduction in fixed asset investments, we have reduced growth by over 2.4 billion yuan and negative growth has appeared. This has never happened before since opening up. We have also had obvious results in reducing financial expenditure and controlling group consumption.

#### Industrial and Agricultural Situations Improve

In the process of controlling commodity prices we have also readjusted the development rate of industry, improved the irrational industrial structure, and strengthened basic agricultural work.

With one year's efforts the industrial growth rate in Guangdong dropped from 35 percent in 1988 to 14.9 percent in 1989 and the excessive rapid development of light industries has been effectively controlled. Basic industries such as energy and raw materials have primarily been strengthened. Products which aid agriculture and the majority of daily consumer goods have also grown, while high-quality consumer goods produced by the processing industries have been reduced. In this way, the contradiction of Guangdong's total demand exceeding total supply, which resulted from a long-term structural imbalance, has been mitigated. Agriculture, which was at a standstill for many years, has improved. Guangdong obtained relatively good results in major agricultural products such as grain, oil, and sugar cane in 1989. We have a relatively large reserve of grain because there has been an increase in grain output of 1,555,000 tons, which is added to the grain imported from overseas and acquired from other provinces at the end of 1988.



Moreover, due to a decrease by one million in the number of migrant workers, the negotiable price of grain has fallen drastically, making it possible for prices to fall amidst the stability of the overall level of market prices.

#### **Revelation of "Vegetable Basket Engineering"**

We call grain, oil, sugar, meat and vegetables "the vegetable basket." To secure their supplies is important to the livelihood of thousands of families. Moreover, "the vegetable basket" itself accounts for 70 percent of the price index, therefore it is very important. In view of this, leaders at every level in Guangdong appoint specialists to take charge of "vegetable basket engineering." To start with planning, we have placed this work under the national economy planning at every level for management. On the basis of understanding the situation between supply and demand on the markets at all levels, we have vigorously increased effective supplies and, through increasing the supplies of meat, poultry, eggs, fish and vegetables, we have stabilized the prices of non-staple food. This is an effective measure to control the increase in commodity prices under the conditions of the planned commodity economy.

According to incomplete figures, in 1989 Guangdong invested over 700 million yuan in "vegetable basket engineering." Over 1,200 pig farms, 204 chicken farms for meat, and 30 chicken farms for eggs have been established in the nonstaple food production bases of large and medium cities. The production bases for geese and ducks are also developing prosperously. Moreover, there are 410,000 mu of fish ponds and 200,000 mu of land for growing vegetables. The "vegetable basket engineering" under the county level is also developing very rapidly and this has greatly increased the supply of nonstaple food. By developing this engineering, Guangdong has not only secured a source for local market supplies but also served as a source for foreign-exchange-earning exports, transferring fish and vegetables from the south to the north, and for controlling commodity prices.

#### **A Set of Strict Management Measures**

As for financial subsidies, Guangdong has always maintained strict control over financial subsidies for commodity prices and, in particular, it does not favor giving subsidies in exchange for a price index. Last year, the whole province only used 1.66 billion yuan in financial subsidies for commodity prices, accounting for 11.9 percent of its 14 billion yuan financial expenditure. In other words, we gave the least subsidies throughout the country. On the other hand, the proportion of market regulation accounted for over 80 percent and the decrease in the range of commodity price raises in the province was larger than the average in the country. This is something worthy of our attention.

In this respect it is undeniable that Guangdong has a set of strict management measures in force. This includes the setting of targets and means of management for 65

products that are vitally important to national planning and to people's livelihood so that the market, which has been enlivened through opening, and the disordered situation in which guiding prices are lacking management, can gradually be brought onto the track of standardized management. We should institute the price examination and charges examination system to form a mechanism to regulate the price behavior of production operators. We should check the tendency for people to increase prices and charge exorbitantly. We should ensure implementation of the measures for managing commodity prices during the new period to achieve the goal of controlling commodity prices and charges. We should institute a sound price-regulation fund system, strengthen the function of economic means for controlling commodity prices, and use such fund-collecting means as subsidizing deficiency by sufficiency and regulating prices by readjusting raw material and production costs. We should set aside part of the double financial penalty, which is awarded those who have broken discipline relating to commodity prices, as the source of the fund so that it can be used for a specific purpose.

Moreover, we should take commodity price management measures which cover the society as a whole, strengthen the supervision and inspection of commodity prices, and use legal means to control raises in commodity prices.

#### **Matching Measures for Comprehensive Improvement**

Commodity prices are a comprehensive reflection of the national economy. To regulate and control commodity prices we must take economic, administrative, and legal means to carry out comprehensive improvement on the basis of strengthening macroregulation.

To use economic means at a time when we are practicing the contracted responsibility system aimed at price control based on the attainment of a certain target, and when we are stabilizing the finances, we must be fully aware of the relationship between supply and demand in the market. With regard to production, we should organize production of commodities that suit the market to ensure sustained, steady, and coordinated economic development. Regarding the circulation aspect, we should bring into play the major circulating roles of business, grain, materials, foreign trade, supply and selling, and others, and continuously improve the market structure. We should be responsible to the market, undertake the task of circulating commodities, ensure supplies to the market, and control commodity prices in the market. We should bring into play the regulatory function of the price regulation fund and support production circulation, formulate measures for a dull market, for contingencies, and to control the increases in commodity prices in light of maintaining a balance between supply and demand. We should strengthen administrative means and control irrational increases in commodity prices when the market system is imperfect and there is a shortage of supply. In the meantime, we

should continually readjust various irrational prices, maintain rational relationships between comparative prices and between price differences, and properly handle the economic relations between departments, trades, commodities, and regions. Practice has proved that the administrative means that control and manage commodity prices can only be strengthened, not weakened, during the reform and opening up. Besides, we must control and manage commodity prices by legal means to bring into full play the power of using laws to control prices. In this way we will be able to properly control and manage commodity prices.

#### **Guangdong Capital Increases Export Volume in 1989**

*OW1503043190 Beijing XINHUA in English  
0158 GMT 15 Mar 90*

[Text] Guangzhou, March 15 (XINHUA)—The export volume of Guangzhou, capital of Guangdong Province in south China, was 1.054 billion U.S. dollars last year, a 15.64 percent increase over 1988.

It overfulfilled the export target set by the state by 29.2 percent.

Last year the city signed 2,121 contracts worth a total of 578 million U.S. dollars, a 9.74 percent increase compared to the 1988 figure.

The over 600 foreign-funded enterprises also achieved increases in production, sales, and exports.

The technological development zone of Guangzhou City developed its storage, processing, and packing industries, as well as real estate leasing. In 1989 the zone achieved a total industrial output value of 825 million yuan (about 200 million U.S. dollars), an 80.39 percent increase over the figure for 1988, and 112 million U.S. dollars of exports, a 15.4 percent increase.

#### **Farmers in Guangdong See Income Increase**

*OW1603024890 Beijing XINHUA in English  
1533 GMT 15 Mar 90*

[Text] Guangzhou, March 15 (XINHUA)—The income of farmers in Guangdong Province has risen steadily in recent years.

According to a sample survey of 2,600 farm households in 32 cities and counties, the average annual income of farmers reached 955 yuan (about 203 U.S. dollars) last year, up 18.1 percent over the previous year.

A provincial official in charge of agricultural work said the average income of farmers went up by 15.4 percent a year from 1978 to 1988.

He said that this average income includes income from household businesses, forestry, animal husbandry and sideline production, as well as rural industry and service trades.

According to the official, the cash income of farmers in the province reached 784 yuan (about 167 U.S. dollars) last year, up 2.7 percent over the previous year.

Last year saw farmers' savings deposits reach an average of 480 yuan per person, up 74 yuan per person over the previous year.

#### **Guangdong Focuses on Market, Enterprises**

*HK1903065590 Guangzhou Guangdong Provincial  
Service in Mandarin 1000 GMT 19 Mar 90*

[Text] The provincial meeting of economic restructuring office chiefs, which ended yesterday, pointed out that the focal point of economic restructuring for this year is to invigorate the market and the enterprise. The meeting believed that the outstanding difficulties with which the province is confronted are soft market, poor sales, and poor capital turnover. The economic restructuring should be carried out around these new problems arising in the course of economic improvement and rectification. We should invigorate the market and the enterprise and gradually solve these contradictions through deepening the reform, bringing about a steady and coordinated development of the economy in the province. For this purpose, the meeting demanded that: The contracted management responsibility system for enterprises and the system of overall leadership by the factory director be further improved; enterprise mergers and the transfer of property rights of state-owned enterprises be vigorously promoted while reorganizing the economic structure; associations of enterprises be improved and developed; market order be improved; professional and auction markets be set up; and circulation channels be kept open.

#### **Guangdong Plans Telecommunications Projects**

*HK1403154590 Beijing CEI Database in English  
14 Mar 90*

[Text] Guangzhou (CEI)—The Guangdong Provincial Government in south China plans to invest 1.1 billion yuan in building a number of telecommunication projects this year.

The projects include the Guangzhou Long-Distance Exchange Building, digital microwave lines from Guangzhou to Shantou, to Zhanjiang, from Shenzhen to Zhuhai, Shantou to Meizhou, Huizhou to Heyuan, Guangzhou to Zhaoqing and to Jiangmen; the Foshan-Zhongshan optical cable and expansion of mobile telephone system in the Pearl River Delta.

Efforts will be made to add 3,500 lines of long-distance telephone, 10,000 relay lines in the countryside and 550,000 lines of telephone in town and rural areas.

An income of 1.05 billion yuan in post and telecommunication business has been earned in the province in 1989, up 38.4 percent over 1988 and accounting for 16 percent of the national total.

By the end of 1989, the province has 14,100 lines for long-distance telecommunications and 19,800 automatic long-distance telephone exchanges, which made up for 17 percent and 20 percent of the country's total respectively.

### Statistics on Guangxi 1989 Social Development

*HK2203073190 Nanning Guangxi Regional Service in Mandarin 1100 GMT 21 Mar 90*

[Excerpts] Statistics published by the Guangxi Regional Statistics Bureau revealed that in 1989, Guangxi's college enrollment dropped by 11.5 percent compared with the previous year.

Nevertheless, Guangxi's technical and vocational education witnessed continued development in 1989. The number of students studying in various vocational schools increased by 8.4 percent over the previous year while the number of students studying in various technical and agricultural schools increased by 35.3 percent and 4.1 percent respectively over the previous year.

In 1989, Guangxi raised a total of 672 million yuan to repair various old and damaged primary school and secondary school buildings. [passage omitted]

In 1989, Guangxi also made new progress in her scientific research. Guangxi's scientific and technological personnel received a total of 115 regional prizes for their research achievements and three national prizes for their contributions to the implementation of the "Spark Program" in Guangxi. [passage omitted]

At the end of 1989, Guangxi's total population stood at 41.51 million, an increase of 0.63 million over the previous year. Guangxi's annual birth rate stood at 20.3 per thousand while Guangxi's death rate stood at 5.5 per thousand and natural population growth rate 14.6 per thousand. However, Guangxi's multi-birth rate still remained high in 1989.

### Article Profiles Henan Village Secretary

*HK1503073390 Beijing RENMIN RIBAO in Chinese 27 Feb 90 pp 1, 2*

[Article by Jin Weijun (7246 4850 6874), Zhao Jinde (6392 6855 1795), Zhang Shantao (1728 0810 3447), and Ding Xianjun (0002 0341 6511): "On the Broad Socialist Road—Profile of Shi Laihe (0670 0171 6320), Secretary of the CPC General Party Branch of Liuzhuang Village of Xinxiang County, Henan Province"]

[Text] There is such a rural party branch secretary, who has been cited as national model worker four times, seen Chairman Mao Zedong nine times, gone to Beijing to attend ceremonies 14 times, and received by the proletarian revolutionaries of the senior generation such as Zhou Enlai, Liu Shaoqi, Zhu De, Chen Yun, and Deng Xiaoping many times. The village under his leadership has become the nationally renowned model of socialist new village.

Not long ago, the CPC Central Committee Organization Department linked his name to Lei Feng, Jiao Yulu (3542 5940 4389), Wang Jinxi (3769 6651 0823), and Qian Xuesen, praising him as an outstanding representative of party members who have enjoyed high prestige among the masses over four decades after the liberation.

He is Shi Laihe, secretary of the CPC general party branch of Liuzhuang Village of Qiliying Township of Xinxiang County, Henan Province.

### Adhering to the Socialist Road

On 7 April 1989, several limousines suddenly stopped on the concourse of Liuzhuang New Village. An old man with a robust figure got off the car and walked quickly and vigorously to the village; he is Li Xiannian, chairman of the National Committee of the Chinese People's Political Consultative Conference.

Chairman Li Xiannian cordially met the villagers, and happily inquired of the situation of production and distribution. Shi Laihe reported: In 1988 the total industrial and agricultural output value hit 42 million yuan, and per capita output value was more than 30,000 yuan, while per capita distribution was 2,000 yuan. The village has adopted the system of monthly wages for industrial and agricultural laborers; wages are linked to returns, while penalty and award based on production has also been practiced. Chairman Li frequently nodded his head, and said affectionately to the people on the spot: "This year I am 80 years old. Hundreds of thousands of people in China fought and sacrificed their lives over several decades, and for what? For building socialism! We must properly build socialism! He passionately planted a pine tree in front of the village, and wrote the eight characters of "Adhering to the socialist road" in Liuzhuang; at this moment, above the sky of Beijing, an adverse current against socialism was taking shape.

Looking at the eight characters of "adhering to the socialist road," which are written in bold and vigorous strokes, Shi Laihe felt tears in his own eyes. Over the past 40 years, the road he led the 1,400 people in Liuzhuang to march was precisely the socialist road.

In the winter of 1952, Shi Laihe, who was only 21 years old, was elected the secretary of Liuzhuang party branch, and shouldered the heavy duty of leading the people in the whole village to fight poverty and achieve affluence. At that time, grain output in Liuzhuang was only 100 jin per mu, and the problem of food and clothing for the people had yet to be solved. More than 700 "saline-alkali" plots and "frogs' nests" surrounded the village, symbolizing the poverty of Liuzhuang.

Shi Laihe's heart was heavy as if weighted by a rock. He could be seen entering the huts of the old poor peasants, or sitting at the warmer ends of the heated bed of the old party members, to seek ways to fight poverty and achieve affluence. Again and again, he led people from the party branch to inspect the trenches and plots in an area of 1.5 square km belonging the village, formulating plans for



leveling the land and improving the soil. He said solemnly to the cadres: "The party let us lead the masses here to engage in socialism, we must devote all of ourselves and dedicate generously, and be practical and make innovations, to win glory for the party!"

In the spring of 1953, Shi Laihe took the lead in establishing the elementary agricultural producers' cooperative. A battle for leveling the land and improving the soil was waged in Liuzhuang. Over 400 laborers in the whole village started work enthusiastically. Shi Laihe fully lodged his cart and competed with others in trying to do the best. The battle for leveling the land and improving the soil has lasted for 20 years. According to statistics, over 400,000 times of laborers were deployed to leveling the land and improving the soil, and more than two million cubic meters of soil were turned over. If each cubic meter of soil is lined up one after another, the line goes from Beijing to Guangzhou. Eventually, the saline-alkali plots have become high-yielding farmland guaranteed for bumper harvest regardless of drought and waterlogging.

In the course of turning Liuzhuang's farmland from low-yielding to high-yielding, Shi Laihe was not content with old experience, but had determined to explore new techniques. In the spring of 1957, he put his luggage on his shoulder, and moved to the experimental plot under cotton. Despite wind and sun, hot summer and cold winter, he carried out experiments again and again. In that year, Liuzhuang attained the output of 53.5 kg of ginned cotton per mu, and 215 kg of grain per mu, achieving a record high. Liuzhuang became the model in the whole province and the whole country. At a national conference on cotton, Premier Zhou held Shi Laihe's hand firmly, and said: "I wish you will gain high output after high output, completely change the condition of poverty, and set a model for the whole country!" The words of Premier Zhou encouraged Shi Laihe and the people of Liuzhuang to advance ceaselessly.

The spring breeze of the Third Plenary Session of the 11th CPC Central Committee set the advancing Liuzhuang on full sail. Shi Laihe led the masses to develop both agriculture and commerce; they established 14 factories engaging in paper-making, food processing, chemical fertilizer, and pharmacy etc., and each business has turned out products steadily and developed in a coordinated way. In 1980, Liuzhuang took the lead to enter the rank of being "comparatively well-off." In 1989, total industrial and agricultural output value in the whole village was 45 million yuan, an 1,600 percent increase over 1978, while the accumulated public funds hit 47 million yuan, a 700 percent increase over 1978, and per capita distribution was 2,200 yuan, a 630 percent over a time 10 years ago. The saving for each household on the average was 25,000 yuan, and all the 300 rural households had moved into the double-storey houses built by collective effort under centralized planning. Per capita living space was 23.7 square meters. Each household has electric appliances such as television set, refrigerator, and washing machine etc. There were no

such phenomena such as robbery, gambling and violation of family planning in the village, nor feudal and superstitious activities. Neighbors united together, families lived in harmony, the young respected the old while the old loved the young, and people were diligent at work. It was a prosperous scene of a socialist new village.

A female reporter from the United States visited Liuzhuang, and twice lived in the commune members' houses for a total of 32 days. She saw with her own eyes the great achievements in material and spiritual civilizations made by Liuzhuang, and praised that "Liuzhuang is the best; socialism is the best."

#### One Must Have His Own Judgment When Dealing With Events

Shi Laihe viewed being an "official" as insignificant matter, but serving the people and making contributions to the revolution as very important events. Shortly after the liberation, the county wanted to transfer him to serve as a district head, but he said that he did not want to leave the village. Thereafter, the prefecture CPC committee wanted him to serve as director of agriculture bureau, but he said that he did not want going to the city. During the years when he served as deputy secretary of the county CPC committee, and deputy secretary and secretary of the prefecture CPC committee, he did not leave Liuzhuang either.

Shi Laihe always said: "To be a cadre, one must have his own judgment; one must not think that it will rain when one hears the wind blow."

Since the Third Plenary Session of the 11th CPC Central Committee, the majority of the villages in the whole country have practiced the system of responsibility linked to contracted production for households. Some leading comrades have come to Shi Laihe and said sincerely: "It is better to divide the land, if not you will make mistakes!"

He held meetings of party members, meetings of cadres, and mass meetings, to let people study documents and discuss ideas. The document issued by the central authorities said: "...should consider the practical needs and practical conditions, and allow a variety of operation styles." He looked at the document again and again, and was determined to proceed from Liuzhuang's actual situation, to look for some kind of responsibility system suitable to Liuzhuang's economic development. This was the system of responsibility linked to contracted production with "comprehensive operation, professional production, graded management, and production-linked award and penalty."

Fact proves that this style of responsibility system suited the situation in Liuzhuang. Thereafter, a leading comrade from the central authorities came to Liuzhuang for inspection, and spoke highly: "You have done it right, we will support you!"

In recent years, a tendency of neglecting ideological and political work appeared in the society, but Shi Laihe has always stressed the importance of ideological and political work. He said to the cadres: "We, the cadres, must learn to do ideological and political work, and guide the masses to voluntarily follow the party to walk the socialist road. Educating the people is more important than anything else!"

With reference to the distinctive features of the mind of the peasants, Shi Laihe frequently used the "five comparisons" method of comparing the new society with the old one, comparing time before the Third Plenary Session of the 11th CPC Central Committee with the time after it, and comparing remuneration with contribution, to teach the masses not to forget past bitterness and value present sweetness. In the past few years, some people in the society preached the idea that capitalism is better than socialism, and Shi Laihe frowned at such an idea as he was angry. He invited the comrades who had visited the United States, as well as Shi Shilan, deputy secretary of the general party branch, to talk about their feelings on those visits, to help people to understand the nature of capitalism. He organized the people to learn from the heroic deeds of Liu Hulan (0491 5170 5695), Lei Feng, Jiao Yulu, and Wang Jinxi, and demanded that the good deeds and good people nearby be written as materials, and be published in newspapers, broadcasted on radios, and cited at big and small meetings, so as to let people learn from them. Each year, Liuzhuang has to select a model worker, model cadre, and family with five virtues; they will be made known through posters. In Liuzhuang, there are 14 names, 300 households, and over 1,400 people, but there are no conflicts between lineages or between cliques; people's hearts are given to the "public," and together they commit themselves in the undertaking of socialism.

In the early summer of last year, at the time when the turmoil and the counterrevolutionary rebellion broke out in Beijing, letters were sent to Shi Laihe from Beijing and Zhengzhou, asking him to sign a letter urging for an emergency session of the National People's Congress; Shi Laihe resolutely refused. A college student came to Liuzhuang from Jinan to establish links, and wanted Shi Laihe to support their "move," but Shi Laihe taught him that he "should listen to the party's words, and should not engage in turmoil." In order to support the martial law enforcement force, Shi Laihe led the masses to select the best wheat, and to play an exemplary role in handing over an extra quota of country-loving grain; he also led his cadres and the representatives of the masses, to send their regards and greetings to the martial law enforcement force, bringing with them gifts expressing their sympathy and solicitude.

#### **Cadres Must Take the Lead in Labor, and They Must Take the Lead in Accepting Disadvantage**

Shi Laihe always said: "A cadre works for the interests of the people, he must not only take the lead in labor, but

must also take the lead in accepting disadvantage." Over the past 40 years, he always took this as his motto.

When building the Huanghe dike, Shi Laihe led the laborers to eat and live in the construction site, where they stayed for three months, and he lost 10 jin when he returned home; when blocking the river mouth, he took the lead in jumping into the water, which was chilly cold.

In August 1963, his father died from sickness. At that moment, there was a rainstorm, and the crops were immersed in the water of two meters deep. He postponed the day for burial of his father, took the shovel, and led the commune members to the field to drain the water; after the water was drained, he then tended to the burial.

In the winter of 1976, his mother was very sick, and at that moment, Shi Laihe was leading the commune members to build a paper mill. He asked his wife and sister to take care of his mother, and for the whole month he did not leave the construction site. In the evening when the machine was being tested, his mother was extremely sick, and his daughter had thrice sent for him, while the cadres and the masses had also urged him to go home, but he had not left. He understood clearly that at that critical moment he could not leave; in case the testing was a failure, it would mean serious loss to the collective property. He held his tears, until he saw the golden sheets of paper coming out of the machine; he dashed out and ran as quickly as he could to his home, only to discover that his mother had already passed away...

He would take the lead in doing hard work, as well as in accepting disadvantage. Each year Liuzhuang will have income of several tens of million yuan, but Shi Laihe still tightened up every item of expenditure. When the pharmaceutical factory was being expanded, the extraction workshop needed 24 additional extractors, and sent staff to procure, but each extractor cost 38,000 yuan. Shi Laihe thought that the price was too expensive, and decided to let the local machinery factory to make them. As a result, an amount of only 150,000 yuan was spent, saving more than 700,000 yuan for the collective. One day, he went somewhere to participate in a meeting. The meeting presented him with a souvenir which cost more than 100 yuan, and issued an invoice for application for reimbursement. Shi Laihe felt that this was infringement upon public interests for private purpose, and he returned the souvenir immediately. After Shi Laihe served as a cadre, for the first 13 years, he kept receiving workpoints according to the average level received by the masses. He refused to take the subsidizing workpoints for party branch secretary and cadres as provided for by the senior levels. In 1965, he started receiving the wages of a state cadre. When the average income earned by the masses was less than his income, he handed all his wages to the team, and participated in collective distribution based on the average level of labor. In recent years, the level of distribution enjoyed by the masses surpassed his income from wages, but he kept taking only his wages, and refused any subsidy granted by the village. More

than a dozen of welfare items granted free of charge in the village are enjoyed by everyone, but he refuses to accept any.

Shi Laihe has his own view on the problem of "accepting disadvantages." He said: "To be a cadre, one must have the spirit of not being afraid of accepting disadvantages, then one can do the job well. However, on the whole, being a cadre, one will not suffer from loss because of accepting disadvantages. Think that you have led the people in the whole village to achieve affluence; when everyone has become rich, have not the cadres also become rich?"

#### **It Is the Obligation for Cadres To Bring Warmth to the Masses**

Before 1976, the masses in Liuzhuang lived mainly in the low mud houses, and some even lived in the straw huts. Shi Laihe thought that for several thousand years the housing problem has always been a heavy burden that had lain on the peasants' backs. The poor peasants have labored for years, reduced expenditure and cut their meals, but they could not build a decent house. Is it possible for us to rely on the collective strength, to let the people in the whole village move into some new houses which are broad and bright, thus let every one see the strong points of socialism?

In 1976, people broke ground officially for the construction of houses in Liuzhuang New Village. It was indeed not an easy task to pull down all the old houses of more than 200 households in the whole village, and to replace them by building more than 1,000 double-storey houses facing south. Facing various difficulties, Shi Laihe said firmly and confidently to the masses: "There is nothing in this world that can be accomplished without making any effort; so long as we the cadres take the lead and work hard together with one mind and heart, no difficulty can stop us!" Old Shi's family had six big elms and some other trees, and at that moment someone offered 2,700 yuan to buy these trees, whereas his old companion wanted to keep one as dowry for their daughter, who was about to get married. He said to his old companion: "At present, we are building houses and we need timber; we the cadres must set a good example for the commune members."

Once the construction of the new village was started, he was the first one who handed over his trees to the collective at a low price. Inspired by Old Shi, the masses also handed over their own timbers to the collective, thus, the problem of timber for building the houses was solved quickly.

After the first three new houses were built, the cadres and the masses first thought of Old Shi, and they asked him to move into one of the new houses first, but he refused politely. The fourth house, the fifth house...the twentieth house was built, but Shi Laihe still lived in his old house, low and broken, built during the period of collectivization. He said: "If there is still one household in our village that has not yet moved into the new house, my

heart is unsettled." Six years later, when Liuzhuang's residential buildings were all built, Shi Laihe was among the last group of people who moved into the new houses.

Shi Laihe took bringing well-being of the masses as his greatest happiness. In winter, he would go ahead of schedule and send someone to carry the cooking coal to various households; when spring festival came, he would quickly prepare meat, oil, noodles, vegetables, and various kinds of cakes and send them to the commune members. When someone among the people was sick, he would go to visit; when something happened in a household, people would come to him for discussion. Starting from the time of the elementary agricultural producers' cooperative, each New Year's eve, he would lead cadres to the feed lot for his shift of duty, so as let the stockmen go home for the New Year gathering. Once upon an occasion, stockman Ma Xinzhen saw Shi Laihe coming for his turn of duty so as to let him go, he insisted on staying, and said in tears to Shi Laihe: "You cadres also have families, but you do not think of your families, and let us go home for New Year gathering, we understand your intention, and we accept this kindness of the party!" That night, he had not gone home, but sat on the grass to chat with Shi Laihe until dawn.

On the New Year's Eve of 1986, every household was busy preparing for the festival. Liu Shuguang, who drove a cart, had his leg hurt when carrying out duty, and was lying in Xinxiang City Central Hospital—25 km away from Liuzhuang—for treatment; his wife was with him. On 30 December, Lunar calendar, Shi Laihe concluded a meeting of cadres in a hurry, and quickly stopped deputy secretary Zhang Xiuzhen and village cadre Liu Shuye, asking them to prepare some canned food and cakes, which he would take to the hospital when visiting Liu Shuguang there. Seeing the exhausted Old Shi, the cadres there tried to persuade him to send other people to visit the hospital. Shi Laihe insisted on going, and said: "Shuguang hurt himself working for the collective, and he has been lying in the hospital for several days now, but I have not been able to visit him, and my mind is unsettled." Shi Laihe, Zhang Xiuzhen, and Liu Shuye drove to the hospital, and Shi Laihe held Liu Shuguang's hand and asked him his condition. Liu Shuguang was deeply moved and was about to cry.

#### **In the New Period the New Ability Must Be Learned**

In the course of practice of production over many years, Shi Laihe sensed more and more clearly: Relying only on agricultural production, it is difficult for the village to become rich. The road of overall development of agriculture, forestry, animal husbandry, sideline production, and fishery must be followed. The decision made by the Third Plenary Session of the 11th CPC Central Committee on shifting the key point in work for the whole party to economic construction caused a new "flying lead" in Shi Laihe's consciousness of commodity economy. He guided party members and cadres to learn and discuss, and to break through the fence of small-scale



peasant economy, marching toward the socialist large-scale agriculture. He said to the people: "To double the economy, we must rely on science and technology, as well as on able persons. In the new era, the party has raised new demands for us, and we must establish new concepts, learn new ability, increase new capacity, and adapt to the new situation!"

Shi Laihe took the lead in learning. He has a certain kind of vigor to "dig." Regardless of learning political theory or studying technological knowledge, he would study each problem again and again until he thoroughly understood it. He seriously studied the "Selected Works of Mao Zedong," the "Selected Works of Deng Xiaoping," and the important documents issued since the Third Plenary Session of the 11th CPC Central Committee. He also read books on economic management. In his study room, there are always three things beside his pillow: First, various kinds of political, economic and business books; second, radio; and third, notebook.

Considering the prospect for developing modernized agriculture in Liuzhuang, he instructed cadres and the masses to attach importance to investment in knowledge. In recent years, Liuzhuang allocated 500,000 yuan of collective funds for building new schools; organizing youths to attend television university, publication university, correspondence university, and sparetime cultural study classes; inviting experts and professors to come to give lectures; and selecting and sending 14 groups of young technicians to learn in large state-run factories and study at various colleges and professional schools. At present, in the whole village, 117 people have been graded as engineers, agronomists, husbandrymen, accountants, and first-class or second-class technicians.

Shi Laihe used the newly acquired leadership science and management knowledge to plan overall commodity production in the whole village, enabling Liuzhuang to develop a new situation of commodity economy in which industry was promoted by agriculture; agriculture was enhanced by industry; and industry, agriculture, and commerce were developed together. He paid attention to the foundation status of agriculture, and sought growth by promoting mechanization. At present, Liuzhuang has more than 70 large machines for agricultural use, including tractors, sowing machines, harvesters, and cars etc., as well as an aeroplane for farming purpose, and 100 new sprayers. Plowing, sowing, transporting, pest controlling, sprinkling, and reaping, have all been mechanized or semi-mechanized. At present, on Liuzhuang's 1,900 mu of farmland, there are only 40 management staff, while the village is famous for its agricultural productivity.

In 1985, in the light of the economic and technological strength of the village, and through extensive market survey, scientific analysis, and discussion, Shi Laihe decided to build Huaxing Pharmaceutical Factory, to manufacture inosine, a kind of medical raw materials. The undertaking of biological engineering in the village signified a change of Liuzhuang's enterprises from labor

intensive pattern to capital and technological intensive pattern, as well as a change of low-tech products with rough processing to high-tech products with advanced processing. The older generations have not tried this business, but now, Shi Laihe wanted to battle through this difficulty.

Some people were worried about the possibility that the task cannot be accomplished while the trouble is created, and asked Old Shi: "Are we really capable of building this high-grade, precision and advanced product?"

Shi Laihe said confidently: "When there is a will there is a way. They can make it, so we can make it!"

At the time when the construction began, there was a shortage of funds, and Shi Laihe relied on collective accumulation and funds gathered among commune members, to make equipment by their own efforts, and install them with their own hands. There was inadequate technological strength, and he sent personnel to Tianjin and Wuxi to study. According to the original plan, engineers from other localities would be invited to the village to carry out designs, but the price shouted for was several hundred thousand yuan. Therefore he asked his own son Shi Shiling to shoulder the duty of making designs for the pharmaceutical factory. Shi Shiling integrated mechanical design, which he studied, with the principle of biological engineering, in an organic way, consulting data on the one hand, and carrying out the designs on the other. After two months of hard battle, he successfully made the designs, saving several hundred thousand yuan for the collective. When the pharmaceutical factory started production, the first problem they met was contamination. Shi Laihe led technicians to check each item; they carried out experiments, comparisons, and analyses. Eventually, they found the reason, and a new method to prevent contamination, greatly increasing the output of inosine. In 1988, the output value of this factory was more than 30 million yuan. The output of inosine accounted for 50 percent of the country's total. Now, it is the largest manufacturer producing inosine in the country, saving a yearly \$10 million of foreign exchange for the country. At present, Shi Laihe is again leading the people in the whole village, to rely on science and technology for advancement, and march toward a new goal. They have invested a total of 17 million yuan in building Huaxing Pharmaceutical Factory No. 2 Branch. When production begins, it will top a yearly 50 million yuan in output value.

Liuzhuang's economy has developed; it has become rich. The general party branch has not forgotten assisting the comparatively poor villages nearby to create wealth. Liuzhuang has made loans of 50,000 yuan, and granted 80,000 yuan, to 13 brotherly villages, for them to build a total of 38 factories. It has trained more than 300 technicians and rendered 950 times of persons [renci 0086 2945] of technological assistance. In 1988, the net incomes generated by industry and by sideline production in these 13 villages totalled at 2.73 million yuan—and per capita income was 674 yuan—an increase of 88

percent and 19 percent respectively over the previous year. The cadres and masses of these villages said: "It is Shi Laihe and the spirit of offering of the Liuzhuang people that have guided us to the road of affluence!"

In September 1989, at the National Meeting on Citing Advanced Grass-Roots Party Organizations and Outstanding Party Workers, the General CPC Branch of Liuzhuang was awarded the honor title of advanced grass-roots party organization. The exemplary deeds of Shi Laihe and the Liuzhuang people, are inspiring the people as they pursue their beautiful ideals.

### Henan Announces 1989 Economic Figures

HK1503084390 Zhengzhou Henan Provincial Service  
in Mandarin 2300 GMT 14 Mar 90

[Excerpts] The provincial Statistics Bureau yesterday issued a bulletin pertaining to the implementation of the province's 1989 plan for economic and social development.

The bulletin stated that our province achieved marked results in the work of improving the economic environment and rectifying the economic order and its economy continued to grow. The province's GNP stood at 8.32 million yuan, five percent more than in the previous year. The national income amounted to 6.8 million yuan, an increase of four percent.

Last year economic improvement and rectification was the major melody of the province's economic construction. The swelling of demand began to be brought under control, the overheated economic development was conspicuously cooled down, the scope of investment in fixed assets was curbed, consumer demands began to lower, the money supply was somewhat controlled, the financial situation in the province was gradually improved, effective supply increased continuously, the basic industries of the national economy were further strengthened, the agricultural situation in the province was relatively good, the province reaped a bumper harvest in grain production and industrial production grew moderately while its structure was being readjusted. [passage omitted] The total volume of retail sales of commodities increased by 11.3 percent, compared with the previous year. Price hikes went down month by month. The growth rate of the prices of retail sales dropped from 27.8 percent in January to 5.3 percent in December. [passage omitted] The living standards of both urban and rural inhabitants increased by 2.5 percent and two percent respectively after allowing for price rises, their savings deposits went up by 30 percent. The province achieved progress in foreign trade and the volume of export commodities increased by nine percent over the preceding year. [passage omitted]

### Hubei Fulfills Foreign Exchange Earning Quota

HK1403071190 Wuhan Hubei Provincial Service  
in Mandarin 1000 GMT 13 Mar 90

[Excerpt] In 1989, foreign exchange administrative departments at all levels in Hubei made active efforts to straighten out foreign exchange circulation order and foreign debt management order and strengthen foreign exchange and foreign debt management in the course of the campaign aimed at improving the economic environment, rectifying the economic order, and deepening the reform, thus promoting a steady growth of Hubei's economy.

Last year, Hubei earned a total of \$857 million through its export trade. By 18 February, 1990, Hubei had turned over \$373.23 million to the state, thus fully fulfilling the foreign exchange earning quota issued by the state. Over 85 percent of Hubei's foreign exchange was spent on purchasing raw materials needed by Hubei's industrial production and purchasing production means needed by Hubei's agricultural production.

In 1989, Hubei also guaranteed the provision of foreign exchange to agricultural projects, technological transformation projects, and other key projects listed in the state plan. [passage omitted]

### Hubei Capital Addresses Economic Problems

HK2203041990 Wuhan Hubei Provincial Service  
in Mandarin 1000 GMT 21 Mar 90

[Excerpts] In the first two months of this year, Wuhan City's industrial output dropped by 4.8 percent as compared with the same period of last year, losses in enterprises were serious, and an unfavorable balance was registered in its revenues.

In view of this situation, Zheng Yunfei, Standing Committee member of the provincial party committee and secretary of the Wuhan City party committee, demanded at the Eighth Enlarged Session of the Seventh Wuhan City CPC Committee that party and government leading organs at all levels in the city and departments in charge of economic work should act immediately and take the opportunity of the state improving its macrocontrol to proceed with the city's relevant measures and to solve the prominent contradictions in economic work characterized by the shortage of funds and a weak market, with the aim of stopping an economic slide in March and making a good start in April.

For now, special efforts should be focused on several matters that the masses are most concerned with, and actual results should be earnestly achieved to the satisfaction of the masses, Zheng Yunfei said.

1. There is a need to find an appropriate solution to the suspension of work and the problem of workers having nothing to do in some enterprises.
2. A good job must be done in supplying vegetables and other nonstaple food.

3. The comprehensive management of social security should be strengthened. [passage omitted]

#### **Air Force Commander Commends Hubei Soldiers**

*HK1903112790 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 17 March 90*

[Text] Yesterday afternoon, a certain People's Liberation Army [PLA] Air Force unit stationed in Hubei Province held a meeting to commend advanced units and individuals who excelled in performing a mission in Beijing last year when turmoil and the counterrevolutionary rebellion broke out there.

In performing the mission, all the officers and soldiers of the unit resolutely carried out orders of the CPC Central Committee and the State Council, adopted a firm and clear-cut stand, feared neither hardships nor death, successfully accomplished the glorious task, and defended the party, the People's Republic, and the socialist system.

For this reason, the unit had already been commended by the CPC Central Committee, the State Council, and the Central Military Commission on several occasions. The unit also produced several guards of the Republic, like (Zhou Jiazhu) and (Liu Degao), guards of the capital, like (Wang Haojun) and (Du Jianli), a total of 24 advanced and model companies and battalions, like the Heroic Battalion in Defense of the Republic, and a total of 1,650 advanced and model officers and soldiers during the crucial period of last year.

At yesterday's meeting, General Wang Hai, commander of the PLA Air Force, read an order of commendation issued by the Central Military Commission and the PLA Air Force CPC Committee. Lieutenant General Zhu Guang, political commissar of the PLA Air Force, and Zhang Huainian, vice governor of Hubei Province, also delivered speeches respectively at yesterday's meeting.

In their speeches, the two leaders extended warm congratulations on the convocation of the meeting and called on the broad masses of the PLA Air Force officers and soldiers and the people of Hubei to steadfastly implement to the letter the spirit of the Sixth Plenary Session of the 13th CPC Central Committee, firmly adhere to the four cardinal principles, extensively carry out activities aimed at learning from the guards of the Republic and Lei Feng, and make greater contributions to defending the socialist motherland, accelerating the revolutionization, modernization, and regularization of the PLA Air Force, and realizing the strategic goal of enabling Hubei to stand up in central China.

#### **Southwest Region**

#### **Article Views Beijing County Secretary's Career**

*HK0702074190 Beijing RENMIN RIBAO in Chinese 24 Jan 90 pp 1, 3*

[Article by staff reporter Wu Hao (0702 8504) and Zhao Xinglin (6392 5281 2651): "How Yang Chaoshi Works as a County Party Committee Secretary"]

[Text] Yang Chaoshi is the secretary of the Changping County CPC Committee in Beijing Municipality.

In July 1988, the Organization Department of the CPC Central Committee held a forum in Changping, which was attended by the secretaries of 12 county (city) party committees from across the country. At the meeting, Yang Chaoshi gave a report on how to work as a good county party committee secretary during the period of reform and opening up. Before National Day last year, he attended a national meeting sponsored by the Organization Department of the CPC Central Committee to commend outstanding party workers and advanced grass-roots party organizations and was elected a national outstanding party worker. He also gave a key speech at a Beijing Municipality meeting to commend outstanding party workers. We can thus see that Comrade Yang Chaoshi has become more mature on how to work as a good county party committee secretary.

#### **At a Crucial Juncture**

When these reporters interviewed him on how to become a good county party committee secretary, Comrade Yang Chaoshi blurted out: "A county party committee secretary should first be politically strong."

On 23 April last year, the Changping County Party Committee received news that the students of the China Politics and Law University, which was situated in Changping town, would take to the streets the next day. The county party committee immediately held a meeting of responsible persons of organs, units, and enterprises subordinate to the county authorities, at which Yang Chaoshi put forward an "eight no's" principle, namely, "no participation, no crowding around and looking, no tailing behind, no expressing support, no support...." He called on party members and the people throughout the county to boycott the students' riotous conduct. The next day, when the students held demonstrations, the streets of Changping were deserted, with no one answering the students' call or joining in the turmoil. Even old ladies selling popsicles pushed their carts into the allies. The demonstrators said in dismay: "There is no show in Changping!"

On 22 May last year, the third day after martial law was declared in parts of Beijing, some university students continued to hold demonstrations, setting up roadblocks and intercepting military vehicles. There were a lot of rumors in the capital. The commanders and controllers of the turmoil became dizzy with success, thinking that there would be big upheaval throughout the country. At this moment, Comrade Yang Chaoshi chaired the Eighth Plenary Session of the Sixth Changping County CPC Committee, at which he made a long report on strengthening party leadership and party building. He said:

*Faced with such a historical period of great changes, we should use correct views to observe and study the party and establish confidence in the sure victory of the party's undertakings. The history of the past 100 years or so proves that without the Communist Party there would no*



*New China. Similarly, when engaging in the modernization drive we cannot do without the leadership of the Communist Party. In China, apart from the Communist Party, no other political parties can undertake the historic mission of leading China into becoming a prosperous, powerful country. History has proved and will continue to prove that our party is a great and staunch party, a vigorous party full of the spirit of self-criticism, a party closely linked with the masses and representing their interests, and a party which can undertake the heavy task of leading and building socialist modernization with Chinese characteristics.*

What a sonorous and forceful voice and what a firm reply!

With black clouds hanging over the city, the organizers of the turmoil were dreaming a pipe dream. They could never have expected that, just 30 km away, the Changping County CPC Committee, headed by Comrade Yang Chaoshi, was unanimously approving a 10-point decision on strengthening party leadership.

Comrade Ren Baogui, deputy secretary of the county party committee, said: "The more critical the situation is, the more Comrade Chaoshi displays his political principle and staunchness."

On this count, Changping's cadres and masses can cite many examples to show how their secretary has always charted a correct course for the "ship" of Changping.

In 1985, with the institution of the system of contracted responsibilities with remuneration linked to output in the rural areas, the collective economy in some localities disintegrated and people's morale was low. Remarks such as "with the fixing of farm output quotas for each household, there is no need for a party branch," were all the rage at that moment. Many grass-roots cadres were at a loss what to do. After conducting investigations and studies for five months, Yang Chaoshi convened a full session of the county party committee, at which he put forward his 10-point view and the guiding principles for developing Changping's economy. Two of them still seem very important today. First, to really develop Changping, it is necessary for the collective economy to grow more quickly and soundly than the individual economy in the course of reform; second, to enable the people to live more prosperously and happily, it is necessary to simultaneously grasp the building of material and spiritual civilization. Yang Chaoshi summed up the words "establishing high standards, setting strict demands, aiming high, and creating first-rate work" into the "Changping spirit," calling on all communist party members in the county to unswervingly carry forward this spirit in rejuvenating Changping.

Before the Third Plenary Session of the 11th CPC Central Committee, Changping County's work and economic conditions invariably ranked last among the 13 districts and counties in the Beijing suburbs. Starting in 1985, after two years of hard work, Changping's economy took off. In 1985 the county's industrial and

agricultural output value was only 600 million yuan, but in 1987 it reached 1,260 million yuan. At that moment, Comrade Chaoshi again organized the county committee to study tactics on how to make Changping take off still further. He put forward the idea of "running the county with law and rejuvenating Changping with science and education." By the end of 1988, the county's industrial and agricultural output value had reached 2,040 million yuan. In the emulation drive of building the two civilizations in the Beijing suburbs, Changping County won "three consecutive championships" among Beijing's districts and counties.

### Stressing "Two Sentences"

Yang Chaoshi is a peasant intellectual who has been promoted step by step. He served respectively as a production team leader, a village party branch secretary, a commune party committee secretary, the person in charge of organization work in the organization department of the county party committee, and deputy secretary of the county party committee. He became secretary of the county party committee in August 1982. From August 1983 to July 1985 he was released from work for two years' study at the training department of the Central Senior Party School. He has not only the rich flavor of his native soil but also the theoretical level of a party worker. On many issues he favors stressing "two sentences," namely, analyzing and solving issues with dialectics.

In reform of the political structure, some people intentionally distorted party leadership and weakened ideological and political work. Some even said: "By reducing the number of political workers by half we can double production tasks." A few administrative cadres said: "When the secretary steps aside a few days later, it is our turn to wield power." On 23 December 1987, Yang Chaoshi convened a county meeting, which was attended by 1,200 party and government cadres. From the very beginning of the meeting, he made clear the purpose and main theme, saying: "Whoever attempts to degrade the party will not have a good end, no matter what motives he entertains." He said: The units conducting reform of the political structure should stress "two sentences": It is necessary not only to vigorously and prudently separate party from government work and develop democracy, but also to unambiguously strengthen party leadership and stress the sense of organization and discipline. Reform of the political structure should help strengthen and not weaken party leadership. Following the Fourth Plenary Session of the 13th CPC Central Committee last year, in view of the fact that factory directors or managers found it hard to get along because party leadership was stressed in some localities, Yang Chaoshi specially held a meeting of enterprise leaders, saying that it was still necessary to stress "two sentences" now: It was necessary not only to strengthen party leadership and bring into full play the role of party committee secretaries, but also to let factory directors or managers perform their functions with perfect assurance; whoever tries to degrade factory directors or managers will make

mistakes. In Changping, when the factory director (manager) responsibility system is stressed, party committee secretaries do not have to bow their heads; when the status of party committee secretaries as a political nucleus is stressed, factory directors or managers do not feel depressed. Changping's economic situation was not adversely affected by the turmoil and counterrevolutionary rebellion last year. The fact that its annual industrial and agricultural output value reached 2.7 billion yuan had much to do with the "two sentences."

In Changping County two-thirds of the land is mountainous areas or semimountainous areas; only a portion near the capital city is a plain. In the past, county leaders also stressed the two sentences "we should attach importance to work in the mountainous areas and in the plain." In Yang Chaoshi's view, this line of thought is seemingly comprehensive and reliable. In fact, not having much to choose from, it lacks a dialectical concept. Through investigation and study, Yang Chaoshi reached a conclusion: Although Changping's plain is small, the focus of economic development should be the plain. To enable Changping to take off, it is necessary to start from the plain and to bring along the economically backward area by grasping the economically developed area. According to Yang, in the past, the stress was always placed on "changing the outlook of the backward area." In fact, it is necessary to first concentrate on developing the advanced area. He graphically gave an analogy: "A foolish cow takes a step forward after being whipped 10 times, but a fast cow take 10 steps forward after being whipped once. How can we exclusively concentrate our attention on the slow cow?" For this reason, he put forward the principle of "giving guidance according to different categories" and stressed the following two sentences: "Concentrate on grasping the economically developed area to bring along and promote the backward area. Later, he distilled this idea into a "big village work method." In Changping, he first grasped 150 key backbone enterprises and 50 big villages with an annual output value of 50 million yuan or above each and, with big villages in the lead, brought along small villages, mountainous areas, and the whole county. As expected, miraculous changes took place. To date, the 50 big villages have spread to all parts of the county like 50 dazzling stars. The output value of the 50 big villages accounts for over half the total output value of the county's 321 villages.

Since 1985, Yang Chaoshi has given over 50 important speeches. He applied such theories as philosophy, political economics, scientific socialism, and the history of the Chinese revolution to make a scientific analysis of several dozen issues, including party building, enterprise management, and economic development strategy, explaining the profound in simple terms and integrating theory with practice. Many cadres in the county hold that listening to Yang Chaoshi's speeches not only raises understanding and guides work but is also a treat. When Yang gives reports, the great hall, with a seating capacity of 1,000, is always full and silence reigns.

Yang Chaoshi believes that Marxism-Leninism-Mao Zedong Thought can win people over. Since 1986, the county has sent 159 cadres to institutes of higher learning or special secondary schools for further studies. In Changping County 1,485 cadres have completed courses for regular theoretical examinations specified by Beijing Municipality.

#### 1—10—200—1,200—400,000

The organization structure in Yang Chaoshi's mind is one county party committee secretary, 10 standing committee members, 200 leading cadres of departments, commissions, bureaus, districts, townships, and towns, 1,200-plus primary party branch secretaries, and 400,000 people.

Yang always believes the thesis that things are carried out by man.

When grasping cadres, Yang first grasps members of the county party committee, especially the coordination, unity, and cooperation of county party committee secretary and county magistrate. County Magistrate Zhang Geng summed up his relationship with Yang Chaoshi with a colloquial expression of Changping: "We get along fine." In Yang's view, a "harmonious relationship" between party and government leaders is a basic guarantee for the victory of our cause. At a cadre meeting he said: In mathematics one plus one equals two, but it is not so in the use of people. One plus one may be greater or smaller than two. It may be equal to zero and may even become a negative figure. If two persons drawing a cart do not advance in the same direction but, as in a tug-of-war, offset each other, or if one person holds another back, it will be impossible to accomplish anything. Yang always tries by every possible means to solve any "tug-of-war phenomenon" among leading cadres. Two years ago, taking advantage of the reform of the political structure, some people attempted to weaken the party's leadership over the grass-roots level, saying that in a township "there are three signboards hanging over the door but only one person takes charge." Yang Chaoshi said: "The party Central Committee explicitly stipulates that reform of the political structure will not be conducted at the county level or below. In a township, what the party committee secretary says goes!" The county party committee should transfer outstanding party cadres to the posts of township party committee secretaries. On this count, there should be no ambiguity or vacillation.

Yang is quite familiar with the leaders of some 200 departments, commissions, offices, bureaus, districts, townships, and towns in the county. His footprints can be found in the homes of almost every one of them, and almost all have been "dragged" out of their hot quilts at one time or another. During the turmoil last year, which lasted for two months, the county party committee held 14 emergency meetings of cadres at this level. None of the leading cadres at all levels in the county took part in

the turmoil activities and none carried out things incompatible with their positions. The masses in Changping County did not intercept military vehicles. On the contrary, at the most crucial moment, the county dispatched people from 10 townships to some sections of the Beijing-Zhangjiakou highway to remove roadblocks and escort the martial law troops to the city. The cadres and masses of Changping genuinely united their efforts politically.

Since 1986, the county party committee has annually given 1,200 primary party branch secretaries a week's training, with Comrades Yang Chaoshi and Zhang Geng personally giving them lectures. With regard to the party branch secretaries of 50 big villages and enterprises designated by the county party committee, Comrade Yang Chaoshi assumes direct leadership by explicitly stipulating that they may directly report work to him and the county magistrate and ask for instructions.

On the eve of 1 July 1987, Yang held a special forum of the county's leading cadres around 50 years of age. He categorically said: "Leading cadres around 50 years of age are the hard core of our county and the valuable property of the party. At that time, cynical remarks such as 'gambolling at 30, taking over at 40, and drooping at 50' spread widely in society. Yang Chaoshi braved the adverse wind and stabilized, with a clear-cut stand, the ranks of leading cadres around 50 years of age, thus stabilizing the cadre ranks in Changping.

In 1988 Changping County achieved the objective of winning "three consecutive championships." On the eve of the Spring Festival, Yang invited to the county party committee the wives of the secretaries of 30 district and township party committees and held an informal discussion with them. He said: "Changping's achievements are attributable to us and to you! You share the bigger half and we the smaller half. On behalf of the county party committee, I wish you a Happy New Year and thank you!" After the meeting, the secretaries of some districts, townships, and towns said: "Chaoshi is superb! By saying these words to the ladies he has given us more support in our work!"

Yang Chaoshi always has the masses in mind. For example, he makes a point of personally handling letters and visits from the masses. In dealing with letters from the masses, the usual practice in all units is for the secretaries or comrades in charge of letters and visits to open the letters and then pass on the important ones to the leaders. Yang Chaoshi is just the opposite. He opens the letters directed to him and instructs relevant personnel to handle the matters. Some time ago, he received a letter from Sun Hao, a person from Dongcui village, who reported that during an ordinary dispute, the family members of his neighbor, the head of a certain township, dismantled a section of the wall of his yard. For more than a year, he went to law against the township head to no avail. Yang wrote in his letter as follows: So and so is a township head, while Sun Hao is a common person. When there is a dispute between a common person and

a township head, we should first back up the common person. He immediately dispatched a comrade from the county party committee office to the village to solve the problem. Later, Sun Hao wrote a letter to the county party committee to express his appreciation.

Many people have never seen Yang Chaoshi but all adults and children know his name and his conduct.

### There Is No Full Stop in Changping

Comrade Yang Chaoshi became secretary of the Changping County CPC Committee in 1982 at the age of 38, the youngest of all principal district or county leaders in Beijing Municipality at that time. To date, he has become the longest-serving secretary of all the district or county party committee secretaries in the municipality. Some people of his age have been promoted and some of his subordinates have been given important jobs, but Yang Chaoshi calmly holds on to the soil of his native place, saying that there is no full stop in Changping's undertakings.

In the past, Changping was an impoverished county. In 1978 the county's industrial and agricultural output value was only 200 million yuan, with per capita annual income at 146 yuan. Ten years later, namely in 1988, the county's industrial and agricultural output value was 2,040 million yuan, with per capita annual income at 1,232 yuan. Given this condition, Yang Chaoshi organized forces and adopted numerous methods to conduct investigation in the economically developed middle and lower reaches of the Chang Jiang, the Zhu Jiang Delta, and Liaodong Peninsula, as well as advanced counties in Beijing, Tianjin, and Shanghai, and to understand the position of Changping's major economic indexes among all counties across the country. He reached the following conclusion: Changping ranks about 50th in terms of total industrial and agricultural output value; 20th in terms of industrial and agricultural output value on a per capita basis; 45th in terms of financial revenue; 20th in terms of financial revenue on a per capita basis; 83d in terms of total rural output value in 1987; 15th in terms of total rural output value on a per capita basis; and, between 1985 and 1987, fourth in terms of total output value growth rate.

Some time ago, the seventh session of the sixth county party committee put forward the slogan "work hard for three to five years to become an advanced county in the country." After comparing Changping with the over 2,000 counties across the country, isn't it very clear where Yang Chaoshi places the full stop?

### Tibet Allocates Funds for Poor, Disaster Relief

HK1603073090 Hong Kong WEN WEI PO  
in Chinese 5 Mar 90 p 6

[Text] In 1989, Angren County of Xigaze Prefecture raised a total of 230,000 yuan to help 528 impoverished households purchase live goats to be fattened up for export. That year, the foreign exchange earned by the



county through such exports amounted to 470,000 yuan, and the annual income of each household increased by an average of some 400 yuan. That was one example of Tibet's success in helping the people extricate themselves from poverty and get wealthy.

At present, it is known that some 60,000 Tibetan households comprising more than 300,000 people have initially extricated themselves from poverty with the help of government aid.

Tibet's natural resources are relatively scarce, and it has always had a history of extremely low productivity. In addition, the frequent occurrences of natural disasters have drastically reduced the people's resistance to them. It is understood that in the last decade, the number of victims of natural disasters in Tibet averaged 400,000 persons annually, and that recipients of poverty relief constituted 10 percent of the total population in that region.

Since the peaceful liberation of Tibet, the state had allocated a great deal of capital and materials to improve the livelihood of people of the Tibetan nationality. Despite the provision of relief year after year, it was still difficult to alleviate their persistent poverty.

Starting from 1985, the Tibet Autonomous Regional CPC Committee and the government no longer merely provided relief recipients with money and necessities. Every year, more than 10 million yuan's worth of special funds, and large quantities of chemical fertilizers, improved varieties of seed, livestock, and agricultural machinery and equipment are provided to help impoverished households, priority targets of appeasement and disaster victims to develop production. Concrete results have been achieved in strengthening the people's resistance to disasters and their ability to protect themselves.

In the past five years, Tibet has allocated more than 90 million yuan in funds to support the poor and provide disaster relief. The authorities concerned have provided disaster relief to over one million people, aided more than 10,000 self-employed operators, and established dozens of various kinds of economic entitlements for poverty and disaster relief.

### North Region

#### Beijing's Li Ximing Visits Equipment Plant

SK1603005390 Beijing BEIJING RIBAO in Chinese  
7 Feb 90 p 1

[Text] On 6 February, Li Ximing, secretary of the municipal party committee, and Lu Shouqun, director of the municipal electronic industrial office, went to the Beijing Broadcasting Equipment Plant to conduct investigations and study. After hearing a report of the plant on its endeavor to rely on the masses of staff members and workers to make breakthroughs and achieve progress, Li Ximing pointed out: To successfully run an enterprise, we must wholeheartedly rely on the working class,

including the vast number of intellectuals. In their current efforts to make breakthroughs and achieve progress, enterprises should expedite adjustment of their product mix to suit the needs of the international and domestic markets.

The Beijing Broadcasting Equipment Plant is China's largest radio and television broadcasting equipment producing plant, and the base for research and production of video recorders. The plant has followed the guidelines of "stressing stability first and arousing spirit second," set forth at the fifth plenary session of the 13th party Central Committee, and relied on its staff members and workers to make breakthroughs and achieve progress. First, it encouraged the people to participate in management, and launched activities of "discussing the current situation and task, vying for making more contributions, and overcoming difficulties" in order for the people to suggest ways to make production more rational. In merely 15 days, more than 4,000 staff members and workers of the plant offered 7,162 suggestions to rationalize production. This not only increased the plant's ideas for management but developed the spirit of collectivism and patriotism, thus laying a solid foundation for the plant to make breakthroughs and achieve progress. Second, in view of the sluggish market in the country, the plant expedited adjustment of its product mix, and actively developed import substitutes and export products.

Li Ximing fully affirmed the plant's method to rely on staff members and workers to make breakthroughs and achieve progress. He said: The most fundamental way to successfully run a socialist enterprise is to rely on the masses, follow the mass line, and arouse the enthusiasm and creativity of the masses. We should actively develop the products readily marketable in international and domestic markets, and expedite adjustment of product mix. At present, enterprises should properly handle the relations among their party, administrative, and trade union bodies, and persist in the director responsibility system. Their party committees should support the work of their directors so that directors can fully exercise their policymaking and directing powers in the production and management of the enterprises. Plant directors should rely on party committees and the masses of staff members and workers, major issues should be discussed by party committees and workers' congresses, and the party, administrative, and trade union bodies should work in close coordination.

Speaking on the relationship between self-reliance and the endeavor of reform and opening up, Li Ximing said: Reform and opening up should be persisted in, and advanced technology should also be actively imported. When importing advanced technology, we should not discard self-reliance. Instead, we should more rapidly improve our industrial level and national strength by relying on our own efforts.

Li Ximing also visited the general assembly and the debugging workshops, and the workers' dining room with great interest. He held cordial talks with cadres and workers.

#### **Power Transmission Project Completed in Beijing**

SK1603022190 *Beijing City Service in Mandarin*  
1000 GMT 17 Feb 90

[Excerpt] The 220 kilovolt power transmission project designed and constructed by the Beijing Power Supply Bureau won the 1989 state's silver prize for outstanding construction. Completion and operation of the 220 kilovolt power transmission line from the municipality's northeast suburban area to Huairou will make it possible to transmit 240,000 kilowatts of power to Shunyi and Huairou, thus ensuring the power supply to the state key construction projects—the Datong-Qinhuangdao electric railway and the No. 9 water works of the Beijing Municipal Tap Water Company. Meanwhile, it will improve the power transforming quality of these areas, increase their power supply capacity, and make their power supply more reliable. [passage omitted]

#### **Beijing Measures To Boost Science, Technology**

OW1503211190 *Beijing XINHUA in English*  
1558 GMT 15 Mar 90

[Text] Beijing, March 15 (XINHUA)—Beijing will take a number of measures this year to boost its science and technology, said Vice-Mayor Zhang Jianmin today at a science and technology conference.

The measures he listed include: setting up a fund for popularizing the achievements of science and technology and establishing an experimental center for high-tech.

"The municipal government will allocate five million yuan for the fund annually for three years running to help apply 1,000 advanced scientific and technological achievements to the departments of economic construction and city management," said the vice-mayor.

According to him, the local government will also invest six million yuan each year for three years running to build a high-tech experiment center.

The city will provide another three million U.S. dollars each year to import necessary equipment.

#### **Beijing Memorial Service Held for Chen Renhong**

OW1903040990 *Beijing XINHUA Domestic Service*  
in Chinese 0944 GMT 15 Mar 90

[Excerpt] Beijing, 15 Mar (XINHUA)—Comrade Chen Renhong [7115 0088 3163], a long-tested loyal communist fighter, a fine CPC member, an outstanding commander and political work leader of the Chinese People's Liberation Army [PLA], and former political commissar of the Jinan Military Region, died of illness in Beijing on 28 February 1990 at the age of 73.

A ceremony to pay last respects to Comrade Chen Renhong's remains took place at the hall of the Babaoshan Cemetery of Revolutionaries in Beijing on 14 March. Wreaths were sent from Jiang Zemin, Yang Shangkun, Li Peng, Chen Yun, Wan Li, Xu Xiangqian, Nie Rongzhen, Qiao Shi, Yao Yilin, Song Ping, Li Ruihuan, Wang Zhen, Tian Jiyun, Bo Yibo, Wang Shoudao, Wu Xiuquan, Liu Lantao, Jiang Hua, Zhang Aiping, Lu Dingyi, Chen Pixian, Hu Qiaomu, Duan Junyi, Geng Biao, Ji Pengfei, Huang Hua, Cheng Zihua, the CPC Central Committee, the Central Advisory Commission, the Central Military Commission, the Organization Department of the CPC Central Committee, the Ministry of National Defense, the three PLA headquarters, the Discipline Inspection Commission of the Military Commission, the Ministry of Public Health, the Jinan Military Region, the Beijing Military Region, the Guangzhou Military Region, Shandong Province, and Henan Province, as well as from the provincial, prefectural, and county party and government authorities of Jiangxi, Comrade Chen Renhong's home province.

Qin Jiwei, Song Renqiong, Liu Huaqing, Yang Baibing, Wang Ping, Li Ximang, Li Desheng, Yang Dezhi, Xiao Ke, Yu Qiuli, Song Shilun, Zhang Jingfu, Chen Xilian, and Kang Shien attended the ceremony and sent in wreaths. [passage on Chen's military career and his integrity omitted]

#### **Hebei's Xing Chongzhi on Party Member Quality**

SK1903040190 *Shijiazhuang HEBEI RIBAO*  
in Chinese 18 Jan 90 pp 1,2

["Excerpts" of speech by Xing Chongzhi, secretary of the provincial party committee, given at provincial conference on party building and to exchange experience in education for party members, on 14 January 1990: "Raise the Quality of Party Members and Strengthen the Party's Fighting Capacity"]

[Text] Attending today's conference are comrades to the provincial conference on party building and to exchange experience in education for party members. During the past few years, I talked about the issues on party building and raising the quality of the ranks of cadres, running the party strictly, and strengthening the ideology and work style of county-level organs at some meetings. This time, I would like to touch on several opinions on raising the quality of party members.

#### **1. Raising the Quality of Party Members Is Urgently Needed for Comprehensively Implementing the Party's Basic Line**

Since the fourth plenary session of the 13th party Central Committee, the party Central Committee with Comrade Jiang Zemin as the center has paid great attention to party building and the work of raising the quality of party members. At the National Conference of directors of the organization departments, Comrade Jiang Zemin pointed out: "In the party's organizational work, we should pay attention to the quality of party members. In

recruiting party members, we must not just pay attention to the numbers and must not make up the number by recruiting unqualified party members. It is more dangerous to place these kinds of party members inside the party than just keeping them outside the party. It is not realistic to have a large number of party members whose quality is low." Paying attention to raising the quality of party members is essential to implementing our party's concept on party building and maintaining the party's advanced nature and purity. It is also urgently needed for the correct implementation of the party's basic line.

Since the third plenary session of the 11th party Central Committee, our party has established and perfected a basic line for our country during the initial stage of socialism. This basic line mainly consists of "one focus and two basic points." Ten years of experiences gained through practice have repeatedly proved that this correct Marxist line is a steering wheel for guiding all our work. If we depart from this line, we might commit the "leftist" or the rightist mistakes. In addition to eliminating the ossified ideologies of discarding reform and opening up and launching an unremitting struggle against the ideological trend of bourgeois liberalization, which negates the four cardinal principles, we have also checked all corrupt phenomena. This has enabled the party's basic line to be implemented and the country to witness profound changes. If we fail to reform and open to the outside world, and eliminate the outdated concepts, it is impossible for us to liberate the productive forces, better display the advantages and appeals of socialism, and attain the goal of making the country prosperous and strong and the people rich. If we fail to combine reform and opening up with the four cardinal principles and let bourgeois liberalization go rampant, we will lose the foundation for building the country and will make China become dependent on the Western capitalist countries and go back to the dark corner of old China. After the turmoil and the counterrevolutionary rebellion occurred during the beginning of last summer, we could see this issue more clearly.

The party building issue has always been closely combined with the party's political line. It is natural that the work of improving the quality of party members should closely be linked with that of implementing the basic line of the party under the new situation and that of solving the problems of the party member contingent's political stand, ideological style, and educational and professional quality not suiting the requirements of the basic line of the party. If we attend to this, the quality of party members will fundamentally be upgraded. Viewing the overall situation of implementing the basic line of the party, we know that the main trend of party member contingent is good and the party members make positive efforts to keep forging ahead and make ceaseless progress. The broad masses of party members are able to uphold and safeguard "one focus and two basic points," eliminate the influence of ossified ideas and the concepts of liberalization," politically and ideologically act in unison with the party Central Committee, and play a

exemplary role in building spiritual and material civilizations. They withstood the test of the political struggle at the turn of last spring and summer. Statistics showed that in 1988 and 1989, the province commended 537 model workers. Of them, 480 or 89.4 percent were Communist Party members. Last year, more than 10 press units under the central authority and the province reported the typical deeds of the party branch of the Liuzhuang colliery of Tangshan City's Kaiping District. The colliery has enhanced its cohesive power by carrying forward the fine traditions of the party. The party branch guided all party-member cadres to persistently be clean and honest and to conduct self-construction. Workers were guided to concentratively love the colliery as their home. Party-member cadres took the lead in upholding the spirit of arduous struggle and the workers were inspired with enthusiasm and spared no efforts to do their work. They persisted in the principle of sincerely being public servants; and the workers were guided to act as the true masters of the colliery. They were persistently concerned with the well-being of the workers; thus, the workers were guided to constantly keep the prosperity of the colliery in mind. As a result, the colliery was full of vitality in tiding over repeated difficulties and in making progress. Their experience is of great significance to improving the economic environment, rectifying the economic order, and deepening reforms; particularly tiding over the current economic difficulties. So, all localities should conscientiously study, disseminate, and popularize their experience. The deeds of the colliery's party branch and those of some other advanced party organizations and outstanding party members concentratively represent the ideological and mental outlook of our province's party member contingent and show that the main trend of our province's party member contingent is good. So, we should completely affirm that the gigantic achievements in construction and reforms over the past 10 years resulted from the concerted efforts of the broad masses of party members, party-member cadres, and the people.

Meanwhile, we must clearly understand that the formulation and the overall implementation of the party's basic line indicate that the party and the state face a historical transition. Many comrades fail to make ideological and theoretical preparations for this transition. A considerable number of party members' quality does not suit the requirements of the tasks of the new situation. In the course of implementing the party's basic line, all party members are asked to withstand not only the test of being in power but also the test of reform and opening the country to the outside world and any other political storms. The test of being in power is an old issue. But, some comrades failed to conscientiously face it. Some comrades first paid some attention to it but lowered their guard afterwards. As a result, some unhealthy phenomena of practicing bureaucracy and weakening our party's political advantages emerged. So, the test of being in power is seriously placed before us at present. As for the test of reforms and opening to the outside world, we should principally judge whether or not we can stand up



against the attack of "peaceful evolution" launched by the international capitalist reactionary forces, and the spread of bourgeois liberalization at home. In the struggle of the sharp antithesis between bourgeois liberalization and the four cardinal principles, some lost their orientation and some even supported and joined "two turmoils." This bitter lesson told us that opposing "peaceful evolution" and bourgeois liberalization is a test that each and every party member must pass. Meanwhile, the process of reform and opening to the outside world is a process of abolishing the old and advocating the new. Each and every party member is asked to get rid of the old habits and ideas that do not suit the socialist reform and the development of the commodity economy, to be sure to keep forging ahead, to stand in the forefront of the trend of the times, and to promote the successful progress of reform and opening to the outside world. However, some party members stick to the old idea of the natural economy. Restricted by the scientific and educational levels, some party members lack the awareness of reform and opening to the outside world. With doubts about the current policies of the party, some party members do not positively or resolutely implement the policies. These are also important problems that should be solved. Under the circumstances in which our country is conducting reforms, opening itself to the outside world, and developing the commodity economy, some Western corrosive ideas and the wrong ideas of "putting money first above everything" flooded in. Thus, the situation demands of all party members, particularly party-member cadres, that they consciously resist corruption and prevent the influence of the ideas, always maintain honesty, and not bring the principle on exchange of commodities to the party. However, facing such tests, some party members fail to maintain the ideological character that a Communist Party member should have. Their communist belief is shaken, the old idea of serving the people is getting blunted, and "the great goal becomes smaller and the small goal becomes greater." Some give more consideration to individual benefits, power, name, and positions; some cannot withstand the lure of money and power; and some even step toward the path of seriously violating law and discipline and degenerate into corrosive elements. Based on the above situation, we should do just as Lenin set forth in the course of establishing the Bolshevik party: "Make efforts to ceaselessly upgrade the title and functions of party members;" and as Comrade Liu Shaoqi set forth at the first national organizational work conference that was held after the founding of the PRC: "Fight for higher requirements for Communist Party members."

## **2. The Criteria of Party Members As Stipulated in the Party Constitution Are Manifestations of the Necessary Quality of Party Members.**

The criteria for upgrading the quality of party members are the criteria of party members as stipulated at the party constitution, revised and adopted at the 12th party Congress. The criteria reflect the necessary conditions that a Communist Party member must have in the new

situation. However, over a period of time, some comrades felt puzzled about the criteria that party members must possess in the initial stage of socialism; and a tendency of lowering the criteria of party members did exist. For instance, some party members maintained that the nature of the initial stage of socialism decided that we must not set higher or strict demands on party members, and the criteria of party members as stipulated in the party constitutions were too ideal. Some maintained that we must build socialism in the current stage and it would not be suitable to mention that party members must possess communist awareness. Some maintained that the criteria of party members can be replaced by the standards for productive forces so long as we take the economic construction as a key link. Some maintained that the development of the commodity economy was an important task and the principles related to the commodity economy (including the principle of value) could be brought into the political life of the party. Some maintained that so long as some people are allowed to become rich ahead of others, we must not ask party members to share weal and woe with the masses. All these viewpoints are divorced from the requirements of the party constitution. We must never agree to the acts of stipulating new criteria for party members or lowering the criteria. The requirements of party members are determined by the nature of the party, the final goal, and the party's mission during the present stage. We must not equate them with the party's policies in force during a given stage or period. Although Communist Party members should exemplarily implement the principles and policies in force, they must never forget that the party's final goal is communism; although Communist Party members should exemplarily implement the due obligations of citizens prescribed in the Constitution, they must never just remain stagnant at this standard. They must have a better moral character and a higher goal. During the early period of the founding of our country, Comrade Liu Shaoqi pointed out: Our party "has never allowed people to reduce the quality of party members to the level of the ordinary masses and has always persisted in principle that party members who are the vanguards of the working class should have higher awareness and firmer revolutionary will than the ordinary masses." In essence, our country's initial stage of socialism constitutes a part of the whole communist movement. There is a difference and a connection between socialism and communism. This stage should be guided by the whole communist ideological system. The socialist society is advancing continuously towards the future communist society. During this process, in addition to relying on the increase in material wealth, we will also rely on the unceasing enhancement of the people's communist consciousness. Of course, we cannot require all members in society to become communists. However, we must require each and every Communist Party member to have communist ideology and awareness and to play an exemplary and leading role among the masses. Therefore, the view of thinking that the requirements of party members should be reduced

during the initial stage of socialism is untenable theoretically. It is also wrong in actual practice.

What are the specific requirements of party members? Generally speaking, the core is the "three basic requirements" pointed out in the "general outlines" of the "CPC Constitution," and the requirements set in articles no. 1, 2 and 3 of the "first chapter on party members." To summarize them, we hold that all Communist Party members must "always firmly bear 10 points in mind:"

1) They should always firmly bear in mind the lofty communist ideals. They should adhere to the party's basic line, resolutely struggle against the domestic and foreign reactionary forces that attempt to turn the wheel of history, and not hesitate to sacrifice everything for the communist cause. 2) They should always firmly bear in mind the purpose of wholeheartedly serving the people. They should uphold the principle that the interests of the party and the people are above everything else. They should not misuse at any time the powers given to them by the party and the people to seek private interests or special privilege but should always maintain a dedicated spirit of seeking no personal benefit but doing everything for other people's benefits. 3) They should always firmly bear in mind Marxism-Leninism-Mao Zedong Thought and consider them as a guiding ideology for all our work. It is necessary to conscientiously study the Marxist basic theories, the party's basic knowledge, the party's line, principles and policies, science, education and professional skills, and be both read and expert revolutionaries. 4) They should always firmly bear in mind that they must safeguard the party's strong leadership. It is necessary to uphold democratic centralism and consciously maintain a high degree of unity with the party in terms of our ideology, politics and action. 5) They should always firmly bear in mind that they must safeguard the party's unity and solidarity. They should be faithful and honest towards the party, be open and aboveboard, and resolutely oppose factionalism and all factional and clique activities. 6) They should always firmly bear in mind the fine traditions of seeking truth from facts, plain living, and arduous struggle. It is necessary to resolutely proceed from reality in doing everything, have courage to explore, bury oneself in work and be an earnest man of action. 7) They should firmly bear in mind that they must maintain close ties with the masses. They must adhere to the mass viewpoint and the mass line, remember that the interests of the people are above everything else, be bosom friends of the masses, and unite with and lead the masses to advance together. 8) They should firmly bear in mind that they must uphold the truth, correct mistakes, and conscientiously conduct strict criticism and self-criticism. They should resolutely oppose any attitude of liberalism on themselves and towards other people. 9) They should always firmly bear in mind the practice of observing discipline and laws. No party members should be allowed to enjoy the special privilege of freeing themselves from the shackle of party discipline and state law, and resolutely struggle against law and discipline

breaches. 10) They should firmly bear in mind that they must unceasingly strengthen self-cultivation. It is necessary for them to always compare themselves and examine their own words and acts with the requirements of party members and continue to consciously temper themselves with party spirit in the course of practice so as to keep the vigor of communists. We hope that literary and art workers should compose the basic requirements of party members' quality into songs just as the song on the "Three Main Rules of Discipline and the Eight Points of Attention of the Chinese People's Liberation Army [PLA]" and teach all party members how to sing it, to bear it deeply in mind and to use it to guide their actions. I think this is a very meaningful.

If we use the aforementioned ten points which we must firmly bear in mind to judge our comrades, we can see that many of them are still far from meeting these points. Party organizations at all levels should guide the broad masses of party members to strengthen self-cultivation and temperance in line with construction and reform. In the light of the situation and tasks facing us, we should purposefully set demands on party members and urge them to unceasingly raise their awareness and be good and qualified Communist Party members.

### **3. Communist Party Members Should be Examples in the Campaign of Improvement, Rectification and Deepening of Reform**

This year is the first year of the 1990's as well as the crucial year for realizing the goal of improvement, rectification and deepening of reform put forward by the party Central Committee. During last year, economically, we achieved initial results in improvement, rectification and deepening of reform, and politically, we won victory in quelling the turmoil and the counterrevolutionary rebellion. The recent lifting of the martial law in some areas of Beijing was an important indication of our country's stability. Like the whole country, our province's economic and political situation is good. However, we should also recognize that there are still many problems and difficulties on our road of advance that must be gradually solved through furthering the campaign of improvement, rectification, and deepening of reform. This year, we must make one step forward towards the goal of improvement, rectification, and deepening of reform put forward by the party Central Committee, alleviate new contradictions, and enable the national economy to steadily increase at a proper rate. In order to accomplish these tasks, Communist Party members and party cadres throughout the province should use the requirements of party members to set strict demands on themselves, do all work in a down-to-earth manner, unite with and rely on the broad masses of people, enhance spirit, strengthen confidence, overcome difficulties and march shoulder to shoulder with the people. In this connection, we require party members to better display the exemplary and leading role in the following aspects.

First, they should serve as examples in safeguarding stability and unity. Stability is a current overriding task of primary importance. Without a stable and united political situation, there can be no stable environment and the people can have nothing, not to mention about other work. All Communist Party members should unswervingly safeguard stability and unity. They must first maintain party unity and resolutely oppose any words or deeds unfavorable for unity, and through the party's unity, promote unity among the broad masses of people. The stability of cities lies in enterprises. At present, we must pay particular attention to relying on the broad masses of party members to conduct ideological and political work among the staff and workers of the enterprises that are forced to suspend or partially stop production. We should conscientiously help enterprises solve their practical problems, make good arrangements for the livelihood of staff and workers and stabilize the feelings of the people. China has large rural areas and small cities. The stability of cities depends on the stability of rural areas. Thus, the party members in the rural areas should take the lead in implementing the current rural economic policies and unite with the broad masses of peasants to strive for a sustained and steady development of agriculture.

Second, we should play an exemplary role in upholding the four cardinal principles. Bourgeois liberalization, which is sharply antagonistic to the four cardinal principles, is the source of turmoil. So, we must resolutely wage a long-term struggle against it. In particular, the Communist Party members of intellectual and student circles should arm themselves with a Marxist world outlook and methods, upgrade their ability to judge and criticize mistakes, help the small number of people with confused ideas of "two turmoils" correct their thinking, firmly safeguard the four cardinal principles that are regarded as the foundation for building the country, and uphold the socialist orientation of reform. We should maintain sharp vigilance and resolutely struggle against the foreign hostile forces' subversion, infiltration, and "peaceful evolution."

Third, we should play an exemplary role in taking the overall situation into account. In the course of improving the economic environment and rectifying the economic order, we must readjust the current interest structure. If we do not make any readjustment, it will be impossible for us to overcome difficulties or to eliminate the economically destabilizing factors. Therefore, all Communist Party members should intensify the concept of the nation and that of the overall situation and share difficulties with the country as well as the province. When there are contradictions between the interests of localities and the whole country, between the interests of the part and the whole, and between the interests of the individuals and the collective, we must not hesitate to sacrifice the interests of localities, the part, and the individuals.

Fourth, we should take the lead in maintaining honesty. All Communist Party members, particularly party-member leading cadres of departments at various levels, should maintain administrative honesty and oppose various unhealthy practices and corrosive phenomena all the time. We should intensify the sense of being public servants, not forget the purpose of the party, be honest and diligent in doing administrative affairs, do more good and concrete deeds for the people, and use their solid action to safeguard and intensify the glorious image of the party.

Fifth, we should be the first in sharing woe and weal with the masses and waging arduous struggle. All Communist Party members should fully understand that all their work tasks and goals are to serve the people and they must attempt nothing except for this. Always having the masses at hearts and being one with the masses is the bound duty of Communist Party members. We should do as Chairman Mao said: "Learn to work for the people." The more strained the circumstances are, the more necessary that we should go deep to the grass roots. We should share woe and weal with the masses, be the first to bear hardship, and strive to overcome difficulties. We should understand the feelings of the people, be concerned about the well-being of the people, worry about what the people worry, be anxious about what the people are anxious about, do what the masses are in urgent need of, and try our best to help the masses eliminate worries and difficulties. We should respond to the call of the party Central Committee, take the lead in "tightening our belts for several years," and work arduously together with the masses. The party members in the rural areas should guide the broad masses of the people to become rich through hard labor and according to law, to seek common wealth, make improvements in a step-by-step manner, and march toward "the goal of being comparatively well-off."

Sixth, we should be the first in abiding by law and discipline. Facing the current complicated situation and at the crucial moment of improving the economic environment and rectifying the economic order, all Communist Party members should particularly safeguard the party's centralism and unification and observe the party's political and organizational discipline. None is allowed to seek personal privileges or act in his own way. None is permitted to feign compliance or do what suits himself. We should abide by state law and regulations and all policies and regulations, and guard state secrets.

In short, party members throughout the province should set strict demands on themselves in the course of improvement, rectification and deepening of reform, continue to improve their own quality and fully display their proletarian vanguard role.

#### **4. We should Adopt Effective Measures and Do a Good Job in Raising the Quality of Party Member**

To raise the quality of party members, it is necessary to rely on the party members' own efforts and the conscientious efforts of the party organizations at all levels.



First, we should grasp education and do a good job in preparing the classes which party members must attend. At present, there are two trends which merit our attention. The first is that party organizations have failed to pay attention to displaying the role of party members, assigning no mass work or political and ideological work for them to do at ordinary times, and not thinking of party members until difficulties occur; the other is that they have merely directed party members, only assigned them tasks but not how to accomplish those tasks, and pay no attention to fostering the fine work style of accomplishing tasks. There are two common points in these two trends. That is, party organizations have neglected party members' ideological education and have failed to conduct regular education for them, doing the work at one time and stopping it at another time. In the practice of building the party, Comrade Mao Zedong consistently paid attention to building the party ideologically and put forward that party members, in addition to joining the party organizationally, should also join it ideologically, and always paid attention to using proletarian ideology to transform non-proletarian ideology. At a recent study class on party building, Comrade Jiang Zemin stressed: "It is necessary to conscientiously solve the issue of making some Communist Party members join the party ideologically." To solve this issue, we must ensure party members take the four classes which they must attend. These include the class on Marxist basic theories; the class on the party's basic ideals and purpose and the party's basic knowledge; the class on the party's basic line, principles and policies and on the legal system; and the class on the party's fine traditions and work style. Party organizations at all levels should include these four classes into their educational plans, and purposefully talk about them regularly and repeatedly in line with reality. In conducting education for party members, we must adopt flexible methods and open diverse channels, and should use different methods to educate party members at different levels. The organization and propaganda departments of party committees at all levels should realistically assume leadership over the work of ensuring party members attend these four classes, make proper arrangements and do a good job in compiling and selecting teaching materials and in organizing the work and giving guidance.

In the aforementioned four classes, the most essential and key issues are theories, ideals, and purpose. Just as some comrades said that this is the "soul of the party," they are precisely the things which most party members lack. In the future, we must realistically strengthen them. First, we must raise their ideological level of Marxism-Leninism-Mao Zedong thought. Marxism which is the scientific world outlook of the working class and the great achievement of spiritual civilization of all mankind, is a theoretical foundation for guiding our ideology and we must not depart from it. Some party members, under the pretext that they are busy at work, have slackened their efforts to study theories. They must pay attention to overcoming this. Practice told use repeatedly that if we slacken our efforts in the study and

education on Marxist theories and bury ourselves in business only, we will get lost and lose our soul and the great spiritual pillar. Therefore, we must conscientiously study the Marxist basic theories, use them as the ideological weapon, strive to transform our world outlook, and thus enable ourselves to maintain a correct political orientation and correctly understand and handle all social, economic, and political problems in the complicated struggle. Second, we should strengthen our confidence in the struggle for communism. Comrade Xiaoping emphatically pointed out: We must uphold communist ideology and morality. Without communist ideology and morality, how can we build socialism? The more the party and the government carry out the policies of economic reform and opening the country to the outside world, the more party members, particularly senior party cadres, should pay high attention to and earnestly practice communist thinking and morality. In the new democratic revolutionary age, we persistently used the communist ideological system to guide overall work and used communist morality to guide the words and actions of Communist Party members and advanced elements. The reason why we won a victory under the extremely strained circumstances in the past was that we had ideals, Marxist belief, and communist belief. What we are developing at present is socialist undertaking and our ultimate goal is to realize communism. Thus, the propaganda front must not slacken its efforts to disseminate this and each and every communist party member should personally practice it. Third, we should firmly remember the goal of serving the people. A true Communist Party member must always regard the interests of the people as the supreme interest, be a servant of the people, and serve the people wholeheartedly. Serving the people has a bearing on the fate of the party. So long as the party exists, this principle must not be changed. If this principle is changed, we will divorce ourselves from the masses and the nature of the party will be changed. In line with the reality of maintaining administrative honesty, I deeply maintain that it is necessary to conduct re-study and re-education of the goal of serving the people among all party members, particularly party-member cadres, so as to have them understand that our party resolutely opposes corruption; to realistically and effectively overcome the individualism, hedonism, and bureaucracy that exist to varying degrees among the party member contingent; to realistically and effectively end the development of various unhealthy practices and corrosive phenomena; to have some comrades free themselves from getting entangled in their personal problems, such as only giving consideration to their wives, children, houses, vehicles, and money; and to maintain administrative honesty.

Second, we should pay attention to the management of party members and persist in the principle of strictly running the party. Relaxing the management of party members and conducting unnecessary inner-party political activities are major problems at present. We must conscientiously overcome them. From now on, we should set strict demands on the management of party

members, set up strict systems, strictly observe discipline and supervision, strictly conduct criticism and self-criticism, and use the party rules and regulations and various systems to standardize party members' words and actions. According to the requirements as set forth in the party constitution, the localities and units with party members should organize their party members to undertake some social work tasks at the time of doing their jobs well, and be sure to make good arrangements, examinations, and assessments and to utilize rewards and punishments. "Three meetings and one class" is a traditionally effective system related to the management of grass-roots party organizations. So, we must conscientiously uphold the system and pay attention to ceaselessly improve it. Attending party classes and the activities of party members in a unified manner and defining special personnel to manage the party members outside their localities is a good method to carry out the system of "three meetings and one class" in the rural areas under the new situation. We must positively popularize it. At present, there is a tendency within the party whereby normal criticism and self-criticism cannot be carried out and the positive ideological struggle has been abolished. We must overcome these problems as soon as possible. In conducting inner-party political activities, we should pay attention to politics, foster a concept of judging right and wrong according to party spirit, create an atmosphere of upholding principles, be brave in criticizing the persons and things in violation of party regulations and law, not be afraid of offending others, and not fear retaliation. Particularly, we should conscientiously advocate self-criticism and consciously wage a struggle against our ideological and practical mistakes. We should regard whether or not party members can conscientiously conduct criticism and self-criticism as a key standard for measuring party members' party spirit. We should strictly enforce party discipline. The party members who violate party discipline should be punished. There must be no "special party members" who are free from the restrictions of party discipline and state law. The phenomena that individuals place themselves above party organizations and free themselves from the supervision of the party must resolutely be eliminated. All party members are equal in terms of the supervision of the party. Each and every party member should consciously accept the supervision by the party organizations and the masses. There must be no "free party members" who do not accept supervision.

Third, we should guard the "sanctions" of recruiting and dismissing party members and ensure the quality of party members. This is an extremely key link to maintain the purity of party organizations and upgrade the quality of party members. Viewing the situation of recruiting party members, our province has ignored the quality of party members in recruiting new party members over the past 10 years; thus, some people with poor political and ideological quality have entered the party. In recruiting new party members, party organizations of some units paid more attention to ability to the neglect of their moral integrity. They judge students according to their

scores, measure peasants according to their wealth, and judge intellectuals according to their skills. As a result, the standards for party members dropped. Before recruiting party members, some units failed to conscientiously cultivate and educate them or upgrade their quality and some did not have strict procedures for admission to the party. Some even sought private gain and indulged in unhealthy practices in the course of recruiting party members. To maintain the advanced nature and the purity of the party, Lenin set forth: "The party members who attempt to be party members in name only give nothing. We will not accept them. There is only one ruling party in the world—the revolutionary party of the working class—that does not pursue the quantity of party members but pays attention to upgrading the quality of party members and combing out 'those who sneak into the party'." This is a criterion that we must constantly abide by. In recruiting party members, from now on, we should pay attention to quality; persist in applying criterions; prudently develop new party members; and be strict in cultivating and examining party members, while going through the procedure for admission to the party, managing probationary party members, and having them become full members after completion of their probationary periods. Seeing that the party members in the rural areas of the province become older in their average age and there are few party members working in the forefront of the industrial and mining enterprises, we should pay attention to recruiting party members from among excellent workers and peasants. According to the traditional methods, the activists who apply for admission to the party should go through one or two years' training and examination periods, and we should organize them to study the party Constitution and have them understand how to act as qualified party members. Those who do not conform to the criterions of party members should not be admitted to the party. We should solidly attend to the measures for educating and upgrading probationary party members. It is necessary to withhold party membership from the probationary party members with poor behavior. In regard to the issue concerning expelling party members from the party, over the past 10 years, our province has handled a group of party members. It is doubtless that this is conducive to purifying party organizations and guaranteeing the quality of the party member contingent. From now on, we should unswervingly attend to the work in this regard and should also pay attention to preventing and overcoming the phenomena of overleniently handling unqualified party members. Party organizations should approve the requests of those who actively ask to withdraw from the party due to their unwillingness to accept the restrictions of the party program and the party constitution. Those who lose their belief in the party, weaken their revolutionary will, fail to fulfill their obligations and the work tasks assigned by the party, and refuse to correct their mistakes through repeated education should be persuaded to withdraw from the party or their names should be removed from the rolls. The corrosive elements who damage the cause of the party

and the people should resolutely be expelled from the party and must not be tolerated.

Fourth, we should grasp leading bodies and upgrade their overall quality. The party constitution has not only stipulated the conditions for ordinary party members but also put forward requirements for party cadres. As Comrade Xiaoping said: "If we set strict demands on each and every ordinary party member, we ought to set more strict demands on party cadres." "It is obvious that the responsibility that they bear to the party and the people is higher than that the ordinary party members assume." "Their work performance is of decisive importance to the cause of the party." That is to say, party-member cadres, particularly leading party cadres, should not only play an exemplary role in observing the requirements for party members as set forth in the party constitution but also honestly implement the six basic conditions for party cadres as stipulated in the party constitution. We still lag behind and have some problems when we examine, according to the conditions for party cadres, our cadre contingent, particularly leading bodies at various levels, in terms of their Marxist level; and their performance in implementing the line, principles, and policies of the party, keeping close contacts with the masses, observing discipline and law, and enhancing the unity in and outside the party. We should pay high attention to this. At present, the leading bodies at the county level have conducted or are conducting end-of-term elections. The provincial party committee urged that newly elected leading bodies should set strict demands on themselves according to the party constitution from the very beginning; pay particular attention to maintaining unity; and foster a good image among the masses. Viewing the existing experiences, we know that to maintain unity, leading bodies must ask their members to foster a concept of "building a party serving the interests of the people;" give up their personal desire for seeking power, honor, and position; be sure to respect, support, learn from, and understand each other; and work together with one heart. It is necessary to implement the system of linking collective leadership with division of labor with individual responsibility. All major problems should be submitted to the party committees or their Standing Committees for discussion. Through fully carrying forward democracy and pooling the wisdom of the masses, the party committees or their Standing Committees should strive to comprehensively, accurately, and justly work out policy decisions. Particularly in handling problems related to personnel affairs, we should pay attention to collective policy decisions, be sure to appoint people on their merits, and prevent the practice of appointing people by favoritism. The things that are decided by the party committees should positively be handled by division of labor. The occurrence of the phenomena that decisions are not enforced and none bears responsibility should be prevented. Viewing the materials reported by various localities, we know that at present some secretaries still do not understand that secretaries and party committee members are treated equally, but maintain that the relationship between

secretaries and party committee members is one between leaders and the led. Therefore, some secretaries asked to "delegate power" to party committee members. Placing individuals above the collective leadership will certainly produce a patriarchal system and the phenomenon in which one person lays down the law, and affect the unity between "party committee members." It should be affirmed that secretaries are "team leaders" and assume higher responsibility for organizing and coordinating with "party committee members" in exercising collective leadership. Thus members of leading bodies should positively coordinate with and support the work of "team leaders." By so doing, a combat collective can be formed and the overall functions of the leading bodies can be upgraded.

Fifth, we should attend to the setup of systems and enliven inner-party political life. Party organizations at various levels, particularly the grass-roots party organizations of plants, rural areas, organs, shops, schools, and neighborhood committees should proceed from their actual conditions and adopt realistic and effective methods to vigorously enliven inner-party political activities while striving to organize and mobilize the broad masses of party members to vitalize each and every cell of the organism of party organizations and to work arduously and harmoniously to tide over the difficulties in reform and construction. Over the past few years, all localities have explored and created some very good methods for the work mentioned previously, and achieved very good results in improving the quality of party members and giving play to their role. We should conscientiously summarize, popularize and persist in the methods. We will list the following 10 methods.

A. Democratic evaluation of party members. Through realistic and democratic evaluation, outstanding party members are commended and unqualified ones are properly handled. This is an important measure for persistently running the party strictly and improving the quality of party members in the new historical period. The party Central Committee has set forth requirements on this work, and provincial party committee have made arrangements. Beginning last year, the provincial party committee should devote three years to this work in a concentrated manner and then transform it to a regular process by carry it out once every year.

B. Management by objective. Some party organizations have instituted a strict system of responsibility for certain objectives, clearly defining the objectives and responsibility for every link and post. In this way, leading cadres with party members are responsible to fulfill their targets within their terms of office, ordinary cadres with party membership are responsible for certain targets, party branches are responsible for their work targets, and party members are responsible for the target of developing their leading and exemplary role. This makes it more convenient to conduct management and evaluation and more convenient for the masses to exercise supervision, thus effectively sparking the enthusiasm of the masses of party members.



C. The system of having party members have contacts with households and having party members responsible for designated areas. The measure of having party members maintain contacts with households has been effective for party members to maintain extensive contacts with the masses in rural areas for many years. Designating areas which party members are responsible for is a system instituted by some enterprises and institutions, which is similar to the system of having party members maintain contacts with households. Certain areas of the production teams or groups to which party members belong are designated by party members themselves or by the organization, and party members are responsible for conducting ideological and political work among several workers to ensure that party principles and policies are implemented and production tasks fulfilled.

D. The system of "party members' meeting for discussion." Before making decisions, the important items in the party and administrative affairs of a unit are handed to party members for discussion, and this should become a system. In general, such meeting for discussion is held once every three months, but it can be held anytime whenever important issues arise. As has been proven in practice, such a method is effective to show respect for the democratic rights of party members, inspire their sense of being vanguards, and encourage them to play an exemplary role.

E. Organize party members and cadres of offices to undergo training in rural areas and plants. This work started in 1986, and the major areas and plants where they go are poverty-stricken counties, townships and villages and backward enterprises. Major tasks of party members are to implement party principles and policies and to help the grass roots successfully build the two civilizations. By carrying out the tasks, party members and cadres will undergo training in practice, improve their own quality, and promote a change in the work styles of their offices.

F. Successfully run party schools and party member activity centers. The provincial as well as prefectural, city, county, town and township party committees should successfully run party schools, and enterprises, institutions and neighborhoods where conditions permit may also establish grass-roots party schools. Party schools at various levels should have the responsibility for training party members and cadres with party membership on a regular basis. Rural party branches provided with conditions necessary should successfully establish party member activity centers. In many localities, secretaries of town and township party committees have attended county-level party schools once every year and rural party members have attended town- and township-level party schools once every year. This system should be continued and popularized.

G. Promote the two civilizations with the "two-leading" activities. The Handan Prefectural party committee called on the vast number of party members in its rural areas to, first, lead the masses in developing the economy

and, second, lead in abiding by law and discipline, and promote the two civilizations through the "two-leading" activities. The "two-leading" activities have specified the leading role of party members, and the activities are easy to say, remember and evaluate. In this way, party members of the entire prefecture have created an upsurge in making contributions through the "two-leading" activities.

H. Discussion on "three questions." The discussion was first held by Cangzhou Prefecture. Its discussion on "why join the party, what to do during tenure, and what should be left after leaving the post" represents a practical education through party lectures to arouse party members' awareness in party spirit. The discussion is valuable in that it enables party members to ask themselves the questions, and examine themselves, be the defendant and the judge, and properly handle their own words and deeds in line with party rules and regulations. This method should be further popularized across the province.

I. Activities for party members to carry out exemplary deeds every month. The party general branch of the Jingjiabao Village of Baxian County requires all party members to carry out one or two exemplary deeds every month. Except for those with special conditions, party members without carrying out exemplary deeds for a year will be regarded as party members failing to play the exemplary role and will be helped through education and criticism. If they show no improvement after the education, they will be persuaded to withdraw from the party.

J. Summarize and commend the advanced example. Experiences show that respecting the positive factors within the party, and continuously summarizing the experiences of and commending advanced party organizations and outstanding party members while conducting the activities to "vie for being outstanding and advanced" on a regular basis will actively promote the work to encourage the advanced, spur the backward on, improve the quality of party members, and enhance the combat strength of party organizations. Under ordinary circumstances in the future, the provincial as well as prefectural, city and county party committees should launch activities to commend advanced party branches and outstanding party members once every year, and party committees of town, townships and industrial and mining enterprises should launch the activities once every six months so that the vast number of party members and party organizations will have examples to follow and targets to attain.

The work to improve the quality of party members should not be carried out sporadically, nor should we launch movements for it. Instead, we should conduct explorations and reform continuously to make the work a system to be carried out in a systematic manner and on a regular basis.

### **5. Relationships in Various Fields Should Be Properly Handled When Exercising Leadership Over Party Building**

Party committees at various levels should give correct and effective guidance in order to achieve success in improving the quality of party members. Based on past experiences and the current situation, we should properly handle the relationships in the following fields.

First, the relationship between grass-roots organizational work and cadres' work. In many of our local party committees and the party's organization departments, there prevails a tendency of emphasizing cadres' work to the neglect of grass-roots organizational work, which hinders the efforts to strengthen the education and management of party members. This is a problem to which we should pay attention. Of course, cadres' work is very important, and should be carried out with great efforts. Besides, only when cadres' work is carried out successfully can we carry out grass-roots organizational work more effectively because cadres' work requires the efforts of our party committees at various levels and the comrades of their functional departments. However, if we slacken efforts in the grass-roots organizational work and neglect the endeavor to improve the quality of party members, cadres' work and other work will be affected because grass-roots organizational work is, after all, the foundation of all other work. Therefore, party committees at various levels and comrades of organization departments should understand the need for attaching equal importance to grass-roots organizational work and cadres' work and actually do so when giving guidance on specific work. They never should emphasize one to the neglect of the other. In the future, we should devote adequate time and energy to grass-roots organizational work and the work to improve the quality of party members. If the organs and personnel in charge of grass-roots organizational work are incompetent, they should be replenished and strengthened. Meanwhile, when carrying out cadres' work, we should also firmly embrace the idea of attaching importance to improvement of quality.

Second, the relationship between the basic education of party members and the education on the current situation and policies. The key to improving the quality of the ranks of party members lies in education. By the basic education of party members we mean the "required course" in four fields as we described previously. This "required course" should be regarded as the basic building of education of party members. Without the education in this regard, the ideology of party members will have no basis. Therefore, the basic education of party members is a main line permeating the whole process of the ideological education of party members and thus should be grasped persistently. The education on the current situation and policies is, in general, focused on the central tasks of the party at a certain stage, and thus is characterized with an obvious nature of stages. Achieving success in the education on the current situation and policies is undoubtedly of great immediate

significance in making party members more conscious in implementing the line, principles, and policies of the party and in fulfilling the tasks of the party. However, we should by no means replace the basic education of party members with the education on the current situation and policies. We should appropriately combine them together, promote the education on the current situation and policies with the basic education, and further enhance the practical effect of the basic education through successfully conducting the education on the current situation and policies. Over the past few years, we have done quite a little work in conducting education on the current situation and policies among party members, however, we have not done nearly enough in the basic education of party members. Quite a few party members, including a small number of veteran party members, have gotten less and less understanding of the ideals, purpose, and regulations of the party, and have got confused in ideology under the influence of bourgeois liberalization. All of these phenomena are directly related to the failure in the basic education of party members. For this reason, party committees at all levels must exert great efforts in strengthening the basic education among party members in a down-to-earth manner, and should formulate regulations and plans and adopt measures to grasp this education in a persistent and unremitting manner. This is the basis for improving the quality of party members as well as important work which will play its role for a long period of time, and thus must be grasped with practical result.

Third, the relationship between the unified coordination for the educational work among party members and the division of work with individual responsibility of departments concerned. The educational work among party members is a systems engineering. We should not merely depend on a certain department of party committees to grasp this work. In fact, all of organizational, propaganda, and discipline inspection departments of party committees are now engaging in the educational work of party members. The problem lies in the lack of unified coordination and concerted efforts. To change this situation, party committees at all levels should, on the basis of working out feasible programs for party-member education, definitely share out the work, strengthen coordination, and further mobilize and organize the forces of departments concerned. What has happened in the past shows that establishing the system of holding joint conferences led by principal leading comrades of party committees with the participation of responsible comrades of departments concerned is a feasible method to study and solve major problems in party-member education, to communicate situations with one another, and to conduct coordination in a timely manner. Under the unified leadership and the arrangements of the party committees, the departments concerned should fully carry forward the spirit of taking the initiative in assuming responsibility and conscientiously fulfill their bound duty. For instance, discipline inspection departments should bear the responsibility for conducting

education on party spirit and party discipline. Organizational departments should bear the responsibility for conducting education on the basic knowledge of the party and regularly conduct ideological education in line with the management work. Propaganda departments should assume the responsibility for conducting the education on the basic Marxist theory, the party's basic line, principles, and policies, and the current situation and tasks. All responsible departments should cooperate with each other to make unified arrangements for the work of the grass-roots units; and be sure that tasks are assigned by "one department." If each department assigns a task, the grass-roots units will be at a loss as to what to do.

Fourth, the relationship between upgrading the quality of party members and upgrading the quality of party work cadres. The work of upgrading the quality of party members involves the work of upgrading the quality of party work cadres. However, the emphasis on upgrading the quality of party work cadres is of peculiar significance. Because the key to upgrading the quality of party members hinges on the efforts of party work cadres, only when these cadres possess higher qualifications can we achieve better results in upgrading the quality of party members. Generally speaking, the contingent of party work cadres is fairly good and has combat effectiveness. However, some comrades still lag behind to varying degrees because of lacking the basic Marxist theory and being poor in their political and ideological understanding and their working and professional ability. The people often say: "Educators should be the first to accept education." We must adopt effective measures to greatly upgrade the quality of the party work cadre contingent so as to suit the demand of the work to strengthen the management and education of party members. Party committees at various levels should train these cadres in a planned manner and guide them to pay attention to in-service study and practices. Simultaneously, we should also pay attention to helping them solve their practical work and study problems and create necessary conditions for accomplishing their work. The broad masses of party workers should fully understand their duty, enhance the sense of devotion to their work, take the initiative in fulfilling their duty, and strive to ceaselessly make new contributions to upgrade the quality of the province's party member contingent.

### Statistics Examine 1989 Hebei Development

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in Chinese 25 Jan 90 p 2

[Statistical communique on 1989 national economic and social development issued by the Hebei Provincial Statistical Bureau on 23 January 1990]

[Text] In 1989, the people throughout the province, under the correct leadership of the provincial party committee and government, conscientiously implemented the principle of improvement, rectification, and

in-depth reform, and worked hard to eliminate interference, thus achieving initial successes in the work of improvement and rectification. General demand was further brought under control, the supply of essential products continued to increase, the contradiction between supply and demand was alleviated, and the national economy was developing toward the predetermined direction. New progress was made in science and technology, education, culture, public health, and sports. According to initial calculation, GNP (The GNP refers to the increased value in material and nonmaterial producing sectors. The value of products and labor services consumed by intermediate units are not included.) totaled 75.83 billion yuan, a 5.4-percent increase over the preceding year; the national income 64.95 billion yuan, a 4.9-percent increase; the total product of society (This includes the total output value of agriculture, industry, construction, transportation, post and telecommunication, and commerce—including material supply and marketing departments and catering trade. The national income is the total of the net output value of the aforementioned five sectors.) 159.18 billion yuan, a 6.3-percent increase; and the rate of difference between supply and demand (This refers to the proportion of the difference between total supply and total demand in the total amount of supply.) declined from 16.0 percent in the preceding year to approximately 12.0 percent. However, the problems of imbalance between total supply and total demand, conspicuous contradictions in the economic structure, and poor economic results that had accumulated in many years were not solved once and for all, and some new problems also arose in the endeavor of improvement and rectification. All these problems should be solved step by step in the process of further improvement, rectification, and in-depth reform.

### 1. Agriculture

The rural output-related contract responsibility system based on household management was consolidated and improved continuously, the rural economy was increasingly expanded, and a trend of good development was maintained in agricultural production. The total agricultural output value came to 31.25 billion yuan, an increase of 3.4 percent over the preceding year. Of the total, the output value of farming and forestry dropped by 1.2 and 1.0 percent, respectively, and that of animal husbandry, sideline production, and fisheries rose by 9.0, 48.8, and 12.6 percent, respectively.

Despite disasters in some localities, a fairly good harvest was reaped in major farm products. Total grain output was an all-time high, the production of peanuts, flue-cured tobacco, dried and fresh fruits, vegetables, and melons increased, and that of cotton and other oil-bearing crops declined.



The output of major farm products was as follows:

	1989	percentage increase over 1988
Grain of which:	20.685 million tons	2.3
summer grain	8.58 million tons	7.8
autumn grain	12.105 million tons	-1.3
Cotton	536,000 tons	-7.1
Oil-bearing crops of which:	560,000 tons	-14.3
peanuts	484,000 tons	5.2
Beetroot	44,000 tons	-65.9
Jute, ambary hemp	18,000 tons	-25.9
Flue-cured tobacco	13,000 tons	77.4
Dried and fresh fruits of which:	2 069 million tons	0.6
fresh fruits	2.035 million ton	1.6

In that year, 3.245 million mu of areas were afforested (excluding the areas planted with fruit trees), and management of forests improved. The targets to afforest plains were fulfilled fairly successfully, and five prefectures and cities reached the standard for all-round afforestation.

Animal husbandry production continued to develop. The annual number of pigs slaughtered and the year-end number of pigs in stock showed increases, the output of such major products as pork, beef, mutton, poultry, and eggs continued to grow, and the upward trend in the number of plant-eating animals was maintained.

The output of major animal by-products and livestock were as follows:

	1989	Percentage increase over 1988
pork, beef, and mutton	1.12 million tons	3.2
milk	103,000 tons	-5.0
sheep wool	13,000 tons	5.7
pigs slaughtered	13.161 million head	3.8
large animals at year end	5.17 million head	1.1
pigs at year end	14.777 million head	1.0
sheep at year end	11.573 million head	3.0

The output of aquatic products increased and reached 209,000 tons, an increase of 1.1 percent over the previous year. Of this, the total catch of marine products reached 158,000 tons, a drop of 0.8 percent; and that of freshwater products reached 51,000 tons, an increase of 7.6 percent.

Progress was made in agriculture. The conditions for agricultural production was improved. A total of 197 million yuan was invested in developing agriculture on

the plains along the Hai He, some 1.8 million mu of low- and middle-yield farmland were transformed, and some 1.41 million mu of irrigation land was improved and added. The aggregate power capacity of farm machines at the end of the year reached 26.922 million kw, an increase of 5.1 percent over the previous year. The number of large and medium-sized tractors was 31,000, a drop of 5.8 percent; small capacity and walking tractors, 542,000, an increase of 11.6 percent; trucks, 41,000, an increase of 4.5 percent; and irrigation and drainage equipment, 13.890 million kw, an increase of 4.8 percent. A total of 1.346 million tons of chemical fertilizer were applied during the year (converted to 100 percent efficiency), an increase of 7.2 percent. The total consumption of electricity in the rural areas was 6.05 billion kwh, an increase of 13.4 percent. A total of 62,000 motor-pumped wells were newly dug and repaired during the year.

The rural economy was developing steadily in the course of readjustment. The total rural product of society (total rural product of society includes the gross output value of agriculture and the gross output value registered by collectively- and individually-run rural industries, the building industry, transportation service trade, and commerce) in 1989 reached 77.16 billion yuan, an increase of 7.8 percent over the previous year. Of this, the output value of rural industries increased by 15.4 percent, that of building industry was reduced by 10.6 percent, that of transportation service trade increased by 8.9 percent, and that of commerce was reduced by 12.2 percent. The proportion of the total agricultural output value in the total rural product of society rose from 39.8 percent in 1988 to 40.5 percent.

## 2. Industry

Industrial production increased steadily. The province broke the record for the first time in making its total industrial output value surpass 100 billion yuan. The total industrial output value reached 102.06 billion yuan, an increase of 8.8 percent over the previous year. Of this, the output value realized by the industries at or above the township level reached 73.25 billion yuan, an increase of 7.5 percent. Of the total industrial output value, the state industrial enterprises realized 51.34 billion yuan of output value, an increase of 5.2 percent; the collective industrial enterprises realized 21.28 billion yuan of output value, an increase of 12.0 percent; the industry of other kinds of ownership reached 630 million yuan, an increase of 29.2 percent; and the urban jointly-owned and individually-owned industries and the industries at or below the village level realized 28.81 billion yuan of output value, an increase of 12.7 percent.

The total light industrial output value reached 49.27 billion yuan, an increase of 9.4 percent over the previous year; and the total heavy industrial output value reached 52.79 billion yuan, an increase of 8.2 percent over the previous year. Certain achievements were made in readjusting the product mix. Different increases were registered in the output of such major energy resources, raw

materials, and agriculture-aid products as electricity, pig iron, steel, rolled steel, plate glass, soda ash, yarn, and chemical fertilizer; and the output of the light industrial products that are closely related to the people's livelihood, such as matches and synthetic detergent. Meanwhile, the output of the products in need of much investment, machine products, and expensive durable consumer goods were controlled to varying degrees.

The output of major industrial products is as follows:

	1989	percentage increase over 1988
Cotton yarn	317,000 tons	1.4
Cloth	1.25 billion meters	-1.5
Silk fabrics	38.406 million meters	-2.0
Woolen fabrics	5.725 million meters	5.3
Knitting wool	5,431.1 tons	-40.0
Machine-made paper and paper board	569,000 tons	-27.7
Matches	1.639 million cases [jian 0115]	8.2
Synthetic detergent	33,532.0 tons	1.7
Cigarettes	1.129 million crates	14.1
Crude salt	3.082 million tons	21.3
Bicycles	513,000	-37.0
Watches	753,000	52.1
Television sets of which:	400,000	-15.5
color sets	134,000	-40.5
Beer	422,000 tons	-2.6
Chemical medicines (crude drugs)	15,000 tons	-11.7
Movie films (35 mm)	90 million meters	-24.2
Raw coal	57.35 million tons	-10.9
Crude oil	5.775 million tons	-8.4
Electricity	36.38 billion kwh	5.0
Iron ore (raw ore)	20.011 million tons	-13.7
Pig iron	4.181 million tons	4.7
Steel	3.508 million tons	13.6
Rolled steel	2.763 million tons	11.3
Caustic soda	106,000 tons	16.7
Sulphuric acid	622,000 tons	-1.6
Chemical fertilizer for farm use (100% effective composition)	1.431 million tons	4.8
Cement	13.3 million tons	-6.8
Plate glass	11.004 million heavy crates [zhong liang xiang 6850 6852 4630]	12.5

	1989	percentage increase over 1988
Metal cutting machine tools	2,805	-20.3
Motor vehicles	4,080	-41.6

The situation of poor economic results in industrial production was not radically changed. The profits and taxes created by state industrial enterprises covered by local budget throughout the province totaled 4.52 billion yuan, a 2.6-percent increase over the preceding year. The per-capita productivity of the state-owned industrial enterprises which carried out independent accounting was 15,389 yuan, an increase of 2.4 percent. However, the production cost of the comparable products of the state industrial enterprises covered by local budget rose by 25.3 percent from that of the preceding year, the amount of funds tied up in manufactured goods in stock grew by 100 percent, the amount of deficits of loss-making enterprises grew by 170 percent, and the period for the turnover of a fixed amount of circulating funds increased from 94 to 107 days.

### 3. Investment in Fixed Assets and the Construction Industry

The scope of the investment in fixed assets was cut down. The total amount of investment in fixed assets came to 19.2 billion yuan in 1989, a drop by 9.0 percent from the preceding year. Allowing for price increases, it actually declined by 20.4 percent. Of the total investment, that made by state-owned units was 10.16 billion yuan, down 8.6 percent; that made by urban collective units 640 million yuan, down 33.6 percent; that by rural collectives 2.77 billion yuan, down 26.2 percent; and that by rural individuals 5.42 billion yuan, up 8.6 percent. Capital construction, equipment renewing, and technical transformation projects newly started by state-owned units totaled 957, decreasing by 70.2 percent, or 2,251 projects, from the preceding year. Among the investment in fixed assets made by state-owned units, the investment in capital construction was 5.9 billion yuan, showing a decline of 7.1 percent from the preceding year, of which 2.26 billion yuan was made by the units covered by local budget, a decline of 6.2 percent; and the investment in equipment renewal and technical transformation was 3.91 billion yuan, showing a decline of 8.3 percent, of which 2.9 billion yuan was made by the units covered by local budget, a decline of 14.0 percent.

The pattern of investment in fixed assets was adjusted. Among the investment in capital construction made by state-owned units, the investment in the energy industry totaled 2.33 billion yuan, an increase of 16.0 percent over the preceding year, and its proportion rose from 31.6 to 39.4 percent; and the investment in agriculture totaled 220 million yuan, an increase of 6.9 percent, and its proportion rose from 3.3 to 3.8 percent. The investment in productive projects came to 4.48 billion yuan, and its proportion rose from 73.0 to 76.0 percent.

Among the investment in equipment renewal and technical transformation, the investment used in increasing the production capacity of products totaled 1.82 billion yuan, and its proportion in the investment in productive projects dropped from 51.7 percent in the preceding year to 50.6 percent; and the investment used in improving product quality totaled 250 million yuan, and its proportion rose from 4.9 to 7.0 percent. In that year, 1,159 capital construction projects were completed and commissioned, increasing the value of fixed assets by 5.62 billion yuan; and 1,056 equipment renewing and technical transformation projects were completed and commissioned, increasing the value of fixed assets by 3.35 billion yuan.

Construction of large and medium-sized projects and key projects proceeded fairly rapidly. A total of 2.89 billion yuan was invested in the 35 large and medium-sized capital construction projects that were started in the year, equivalent to 95.6 percent of the state plan; and 1.25 billion yuan was invested in the nine key projects organized by the state and scheduled for a reasonable construction, equivalent to 91.1 percent of the state plan. In the year, three large, medium-sized and key projects, and 22 single-item projects were completed. The Tangshan Soda Plant, the iron smelting expansion project of the Tangshan Iron and Steel Complex, the Handan Heat and Power Plant, the fourth-phase expansion project of the Xingtai Power Plant, the third-phase project of the coal wharf of Qinhuangdao Port, the Qianjiaying Coal Dressing Plant of Kaiyuan Coal Mining Administration, and the Gequan Colliery of Xingtao Coal Mining Administration were all completed and commissioned, increasing the capacity for sustained development of Hebei's economic construction.

Capital construction, equipment renewing, and technical transformation projects of state-owned units added the following production capacity or economic results: 1.8 million tons of iron smelting capacity, 450,000 tons of steel smelting capacity, 1.42 million tons of coal, 230,000 kilowatts of power generating capacity, 385 km of power transmission lines; 1.37 million kilovolt-ampere of power transformation equipment, 600,000 tons of soda ash, 440,000 tons of cement, 234,984 cotton spinning spindles, 63,208 tons of machine-made paper and paper board, 30.3 million tons of port cargo handling capacity, 18,800 local telephone lines, 6,910 seats for students of colleges and universities, 28,300 seats for students of secondary specialized schools, and 3,720 hospital beds.

The production of the construction industry continued to grow. In 1989, state-owned construction enterprises created 5.51 billion yuan in output value, an increase of 16.3 percent over the preceding year. Of the total, the output value of construction was 4.73 billion yuan, an increase of 14.1 percent. The per-capita productivity calculated based on the total output value was 13,615 yuan, a 15.4-percent increase.

Geological prospecting yielded good results. Departments under the provincial Geology and Mineral Resources Bureau discovered 17 ore mines, including 12 gold mines, one silver mine, and two iron mines. Newly verified reserves of coal, lead-zinc, iron, and gold exceeded the state quotas. Meanwhile, they submitted, examined or approved 49 geological reports of various types, helped various localities to improve the quality of water by reducing the fluorine content, improved the water supplies to the drought-stricken villages of Taihang Shan areas, and discovered a number of water resources for supplies to industrial and mining enterprises, and cities.

#### 4. Transportation, and Post and Telecommunication

As industrial production cooled down, the growth in cargo delivery and that in industrial production became more balanced, and the strained situation in transportation was alleviated.

The amount of transportation by various means of transportation is as follows:

	1989	percentage increase over 1988
Shijiazhuang Railway		
Sub-bureau		
Cargo	52.82 billion ton/km	0.4
Passengers	13.94 billion person/km	-9.7
Local Transportation		
Departments		
Cargo of which:	7.91 billion ton/km	1.9
Highway	3.09 billion ton/km	-3.1
Waterway	4.57 billion ton/km	4.8
Passengers of which:	6.73 billion person/km	-6.5
Highway	6.71 billion person/km	-6.4

The Qinhuangdao Port handled 65.651 million tons of cargo, a 12.5-percent increase over the preceding year and an all-time record. Oil delivered through the pipelines of the Huabei Oil Pipeline Bureau totaled 4.463 million tons.

New development was made in civil aviation. The Hebei Civil Aviation Bureau opened nine air routes, including those to Beijing, Shanghai, Guangzhou, Nanjing, and Hohhot, with the mileage reaching 7,750 km. Air passenger transportation volume was 25,380 persons, a decline of 7.3 percent from the preceding year; and air cargo transportation volume was 600.3 tons, a 50.0-percent increase.

Post and telecommunication business continued to expand. The annual post and telecommunication business reached 240 million yuan, an increase of 17.5



percent. Of this, letters increased by 0.8 percent, telegrams dropped by one percent, and long-distance telephone calls increased by 10.3 percent. By the end of the year, the number of urban telephone users reached 171,000, an increase of 15.9 percent over the previous year; and the number of rural telephone users reached 34,000, an increase of 6.5 percent. Post and telecommunication services became more modernized.

#### 5. Commerce, Prices, and the Supply and Sales of Materials

The increase in the sales of commodities slowed down remarkably. In 1989, the total retail sales of commodities in society reached 37.7 billion yuan, an increase of 6.2 percent over the previous year. If the price increase was factored in, the retail sales of commodities dropped by 10.3 percent. The retail sales of consumer goods reached 30.69 billion yuan, an increase of 5.6 percent; and the retail sales of agricultural capital goods reached 7.01 billion yuan, an increase of 8.6 percent. Of the retail sales of consumer goods, the retail sales of consumer goods for residents reached 28.06 billion yuan, an increase of 5.8 percent; and the retail sales of consumer goods for social groups reached 2.63 billion yuan, an increase of 3.6 percent. If commodity price increases were factored in, the institutional purchasing power actually dropped by 12.5 percent. Of the 32 major consumer goods, the sales of 23 dropped. Of this, sales of bicycles, sewing machines, television sets, cassette recorders, electric fans, washing machines, and refrigerators dropped respectively from 18.5 percent to 40.3 percent.

Changes took place in the structure of the sales of commodities. Food commodities increased by 12.1 percent over the previous year, and the sales of food commodities to the retail sales of consumer goods rose from 47.6 percent in the previous year to 50.5 percent; sales of clothing dropped by four percent and its proportion to the sales of consumer goods dropped from 15.4 percent in the previous year to 14 percent; and the sales of daily necessities increased by 1.3 percent and its proportion to the sales of consumer goods dropped from 37 percent to 35.5 percent.

Commerce in various economic sectors increased comprehensively. The retail sales of the state-owned commercial sector reached 15.81 billion yuan, an increase of 9.2 percent over the previous year; the retail sales of the supply and marketing cooperatives reached 7.48 billion yuan, an increase of 8.5 percent; the retail sales of other collective commercial units reached 4.87 billion yuan, a decline of 7.2 percent; and the retail sales of individual commercial units reached 2.43 billion yuan, an increase of 9.3 percent.

The province's total purchasing volume of commercial goods in society was valued at 26.27 billion yuan, an increase of 9.9 percent over the previous year. Of this, the purchasing volume of industrial goods reached 15.53 billion yuan, an increase of 6.4 percent and that of agricultural and sideline products, 10.14 billion yuan, up

15.5 percent. Commodities shipped out of the province were valued at 3.74 billion yuan, a decline of 14.8 percent from the previous year; and commodities shipped into the province were valued at 7.24 billion yuan, a decline of 11 percent. By the end of the year, 13.38 billion yuan worth of commercial goods were in stock, an increase of 14.1 percent over the previous year-end.

Commodity price hikes dropped every month. In 1989, the general level of the retail commodity prices of the whole society during the year increased by 18.4 percent over last year. Judging from every month, the general level of the retail commodity prices in January rose 30.3 percent, February, 29.8 percent, March, 30.1 percent, April, 29.3 percent, May, 27.6 percent, June, 22.1 percent, July, 17.9 percent, August, 12.5 percent, September, 9.5 percent, October, 7.2 percent, November, 3.2 percent, and December, 0.7 percent. Judging from the urban and rural areas, the general retail price level in the urban areas rose by 14.7 percent, showing a marked decline from last year's 19.2 percent; and the general retail price level in the rural areas rose by 20.8 percent, which was 3.3 percentage points higher than last year's level. Judging from commodities, the prices of food rose by 14.7 percent, of which grain rose by 22.3 percent, meat, poultry, and eggs rose by 11.5 percent, fresh vegetables dropped by 3.2 percent, aquatic products rose by 18.6 percent; the prices of clothing rose by 17.3 percent, daily necessities rose by 16 percent, medicines and medical instruments rose by 22.9 percent; the prices of building materials rose by 30.6 percent, fuel rose by 60.3 percent, and agricultural capital goods rose by 16.7 percent, of which the prices of chemical fertilizers rose by 12.1 percent, agricultural chemicals, 49.9 percent, and oil for farm machines, 15.1 percent. The general price level for workers' cost of living throughout the province rose by 15.9 percent over the previous year, of which service charges rose by 17.8 percent. The general price level for peasants cost of living increased by 22.2 percent over the previous year.

The general level of the purchasing prices for farm and sideline products rose by 19.0 percent from the preceding year, and the growth rate was 5.1 percentage points higher. The purchasing price for grain rose by 34.9 percent, that for cash crops 30.5 percent, that for poultry and animal by-products 1.2 percent, and that for native and sideline products 36.6 percent; and the purchasing price for dried and fresh fruits declined by 1.4 percent, that for medicinal herbs 15.4 percent, and that for aquatic products 1.9 percent.

The net sales volume of the means of production of the departments under the provincial supplies bureau totaled 11.04 billion yuan, down 1.1 percent from the preceding year; and the year-end value of materials in stock was 1.73 billion yuan, up 41.5 percent from the year-end figure of the preceding year. The net sales volume of rolled steel of these departments totaled 1.68 million tons, down 13.3 percent from the preceding year;

that of cement 1.914 million tons, down 6.9 percent; and that of timber 1.146 million cubic meters, down 32.1 percent.

#### 6. Foreign Economic Relations and Trade, and Tourism

Foreign export trade further expanded. The province's total volume of export commodities came to \$1.64 billion, increasing by 5.9 percent over the preceding year. Of the total, the export of sundry goods was \$1.25 billion, equivalent to 108.7 percent of the state quota and a 4.2 percent increase over the preceding year. The volume of export of local commodities exceeded the state quota, the preceding year, and the previous best record.

The amount of foreign capital used by the province grew by a large margin. In 1989, the actual amount of foreign capital used by the province came to \$43.73 million, 1.3 times more than the preceding year. Of the total, direct investment by foreign business firms totaled \$26.85 million, an increase of 60.5 percent. Contracts on 73 foreign capital utilization projects were signed, with the total transactions reaching \$94.47 million. Contracts on 74 technology and equipment import projects were signed, with the total transactions of \$60.11 million.

Foreign exchange earned from sources other than trade totaled \$36.1 million, an increase of 15.0 percent over the preceding year; and foreign exchange expenditures totaled \$1.35 million, a 73.1 percent increase. Foreign exchange earnings were \$34.75 million more than the expenditures.

International tourism was not prosperous. The province received 26,000 persons from 20 countries and regions who had come for sightseeing, observation, and visit, showing a decline of 59.0 percent from the preceding year. Foreign exchange earned from tourism was equivalent to 3.53 million yuan renminbi, a decline of 73.0 percent.

#### 7. Finance, Banking, and Insurance

Good results were achieved in financial work. In 1989, the province's local financial revenue was 7.47 billion yuan, an increase of 15.3 percent over the preceding year and exceeding the budgeted quota. Of the total, industrial and commercial taxes came to 6.55 billion yuan, up 17.5 percent. Local financial expenditures totaled 7.64 billion yuan, 13.2 percent higher than the preceding year, and 2.1 percentage points lower than the growth rate of financial revenue. Of the total, expenditures on capital construction grew by 1.4 percent, expenditures oriented to support agricultural production 45.0 percent, that on administration 17.0 percent, and that on subsidies to prices 10.2 percent. Financial deficits showed a decrease of 100 million yuan from the preceding year.

The amounts of loans and money put into circulation were kept within the state quotas. Banks' year-end amount of loans totaled 52.44 billion yuan, 7.41 billion yuan more than the figure calculated at the beginning of

the year; the year-end amount of savings deposits totaled 43.61 billion yuan, 8.85 billion yuan more than the figure calculated at the beginning of the year; and the year-end difference between savings deposits and loans was 1.43 billion yuan less than the figure calculated at the beginning of the year. The annual net amount of money put into circulation was 1.76 billion yuan, a decline of 4.68 billion yuan from the preceding year.

Insurance companies further enhanced their capacity for compensation and disaster and loss prevention, and initial success was achieved in the reform of the social insurance system. The volume of domestic property insurance accepted by the provincial insurance company reached 101.02 billion yuan, rising by 29.4 percent over the preceding year; and the income of insurance premium and deposits totaled 620 million yuan, rising by 34.8 percent. Throughout the province, 5.364 million people bought life insurance policies. By the end of the year, 91.8 percent of the state enterprises that should participate in the comprehensive pension plan joined the plan, and the number of staff members and workers joining the comprehensive pension plan amounted to 91.9 percent of the total number of staff members and workers who should do so. An organic multilayered social insurance system was gradually taking shape.

#### 8. Science and Technology

Remarkable achievements were made in scientific and technological research. During the year, our province won six state scientific and technological awards, ranking third in the whole country in the total number of awards received from the state, and five spark awards. At the 80th Paris International Invention Fair, our province entered five inventions and three won awards. At the fourth national invention fair, our province exhibited 32 patent technologies and 23 won prizes. The whole province achieved in 1,200 major scientific and technological findings and won 294 provincial scientific and technological progress awards, of which 28 items attained or approached the international level. New progress was also made in social scientific research.

We achieved remarkable results in developing, applying, and popularizing science and technology. In 1989, through the fairly-high level projects conducted by the province, 100 findings passed the acceptance test; and of the 963 scientific research development projects covered by the plan, 80 percent met the demand of the planned progress. Four hundred scientific and technological achievements which were implemented and popularized on a priority basis had been universally applied, producing a total of 1.46 billion yuan in economic results. Twenty-two findings such as the new methods for making glazed tiles, artificial bone materials, 400MA transformers with three phases and two reels [san xiang shuang kou bian ya wi 0005 0686 7175 0656 6239 1090 0892], GG-22F baseless pit electronic orbit for micro-computers [wu ji keng shi wei dian zi gui dao heng 2477 1015 0977 1709 1792 7193 1311 6510 6670 5899], and no. 425 steel-reinforced cement [gang zha shui ni 6921

3257 3055 3136], attained the international advanced level. One hundred and ninety-five findings such as equipment for continuously making fast frozen block aquatic foods, bearings for model 4500 rolling mill, new cooling equipment, and supporting products for large transformers, and ZR-U fire-resistant electric cables for mining use, filled the vacuum in the country's production of these products and attained the domestic advanced level. This indicated that our province's scientific and technological level further improved, showing that some major scientific and technological findings began to play an important role in economic construction.

We scored new achievements in "delegating powers to scientific and technical workers and research units." The whole province's 137 independent scientific research units succeeded in producing 610 scientific and technological findings, an increase of eight percent over the previous year. The rate of popularizing and applying scientific and technological findings reached more than 85 percent.

This helped create more than 250 million yuan in economic results in society, an increase of 10 percent over the previous year. A total of 49,000 scientific and technical personnel throughout the province went to the rural areas or township enterprises to contract or take charge of technological projects, an increase of 19 percent over the previous year. Through contracting, taking charge of, and popularizing 3,000 technological findings, some 1.54 billion yuan in social economic results was created, an increase of 36 percent. By the end of the year, the province as a whole had 1,750 technical contracting groups of various types, with 33,000 scientific and technical personnel joining the groups, accounting for 66 percent of the total number of rural scientific and technical personnel. The whole province had more than 3,000 county and township technological development centers and all kinds of technical service organs, more than 10,000 village technical service stations, more than 1,500 individually household-run or collectively household-run technological development service organizations, and more than 4,000 peasant technological research institutes and societies (associations).

Further progress was made in patent work and the technology markets were further activated. In 1989, more than 1,058 applications for patents were accepted, of which 565 were approved, showing an increase of 5.7 percent and 58.7 percent respectively over the previous year. During the year, 3,494 technical contracts were signed and the transaction volume reached 95.69 million yuan.

The ranks of scientific and technical workers were expanded and the mass scientific popularization activities were further developed. By the end of the year, the whole province had 338,000 natural scientific and technical personnel of state-run units in the localities, an increase of 17,000 personnel over the previous year, and 483,000 social science personnel, an increase of 98,000

persons over the previous year. The whole province had 146 state-run independent research and development organs at and above the county level, with 24,000 workers working. Among them, 10,000 were scientists and engineers. A total of 3,343 townships and towns established science popularization societies and 329 plants and mining enterprises established science associations with 51,000 members.

Basic scientific and technological work for economic and social management was further strengthened. The departments under the provincial standard measurement bureau arbitrated 211 cases on disputes over inspection of product quality, handled 1,276 complaints revealed in the people's letters and visits, and investigated and handled 10,901 cases on violation of the measurement law, of which 871 cases were recorded on file. Environmental protection, meteorological, and seismic departments also performed their functions in economic construction and social development.

#### 9. Education and Culture

Education of various categories of schools at various levels developed continuously. In higher education, regular schools of higher learning admitted 195 graduate students (including four for doctoral degrees). Their number of graduate students was 814, and that of graduate school graduates 299. They admitted 23,000 students for regular and special courses. The number of such students totaled 75,000, and that of graduates 21,000. Adult schools of higher learning admitted 25,000 students for regular and special courses. Their number of students totaled 66,000. In secondary education, in 1989, secondary specialized and technical schools of various types admitted 58,000 students (including 22,000 students of skilled workers schools). Their number of students totaled 163,000 (including 60,000 students of skilled workers schools). The number of students of senior middle schools totaled 312,000. The number of students of vocational and technical schools at senior middle school level totaled 94,000, and its proportion in the total number of students of senior middle schools rose from 23.2 percent in the preceding year to 30.1 percent. In elementary education, the number of students of junior middle schools totaled 1.768 million, and that of primary school pupils 6.772 million. The school attendance rate of school-age children reached 98.9 percent. After inspection, 135 counties throughout the province were appraised as reaching the target for making primary education universal. The number of nurseries and kindergartens totaled 2,053, with 1.178 million children attending, an increase of 11,000 over the preceding year. Special education for the mentally retarded and handicapped children also developed.

Cultural undertakings became increasingly flourishing. The second Wuqiao international acrobatic festival and the second Hebei Provincial theatrical festival were held in 1989. Four scientific and technological films totaling eight series, 40 television dramas totaling 129 series, and



eight radio dramas totaling 22 series, were produced. A total of 178 new movies were released. Some movies and television programs were acclaimed. The television drama "Soundless World" won second prize at an outstanding television drama competition held by the national film studio. The province had 9,223 movie projecting units, which presented 1.595 million shows for an audience of 1.4 billion. The province had 153 art performing organizations, which presented 2,600 plays or programs on 42,000 occasions for an audience of 56 million. It had 190 mass art and cultural centers, 3,579 cultural stations, 116 public libraries with 6.5 million books, 22 museums, and 213 archives. It had 79 radio stations, and 23 medium- and short-wave radio transmission and relay stations, and its radio coverage was 73.1 percent. It had 36 television stations, and 27 television transmission and relay stations whose output power is higher than 1,000 watts, and its television coverage was 81.3 percent. The province published and distributed 22 provincial-level newspapers, totaling 230 million copies, 119 magazines of various types, totaling 23.944 million copies, and 1,403 pictures and books, totaling 260 million copies.

#### 10. Public Health and Sports

Conditions for medical care showed further improvement. The year-end number of sickbeds of the medical organs throughout the province totaled 144,000, 4.2 percent more than the year-end figure of the preceding year. The number of medical technical personnel reached 175,000, a 3.4-percent increase. Of the total, 85,000 were doctors (including 63,000 doctors of traditional Chinese and Western medicine), an increase of 8.2 percent; and 38,000 were nurses, including senior nurses, an increase of 16.4 percent. New achievements were scored in the prevention and control of contagious, chronic, and endemic diseases, and the incidence of contagious diseases dropped when compared with the preceding year. Public health supervision and monitoring work was strengthened.

Outstanding achievements were made in sports. In 1989, our province's athletes won a world championship; four athletes broke seven world records on 12 occasions; two athletes broke two records in Asian tournaments on three occasions; and 12 athletes and three teams broke 15 national records on 21 occasions. In the national and world tournaments, our province's athletes won 71 golden medals, 56 silver medals, and 57 bronze medals. Our province won eight golden medals and captured seventh place at the second national youth sports meet. Mass sports activities were further developed. The units at or above the township level across the province held sports meets on 8,952 occasions, and 4.337 million people attained the state-fixed health standards.

#### 11. The People's Livelihood

A sample survey showed that the urban dwellers' per capita income for living expenses in 1989 was 1,256.8 yuan, an increase of 16.3 percent over the preceding

year. Of the total urban dwellers, 58.1 percent showed an increase in their income for living expenses and 41.9 percent showed declines. The per capita income of peasants was 589.4 yuan, an increase of 7.8 percent over the preceding year. Of them, 6.7 percent were impoverished households whose per capita income was less than 200 yuan, an increase of 0.7 percentage point over the preceding year; 38.8 percent were households with sufficient food and clothing whose per capita income ranged from 200 to 500 yuan, a drop of 6.9 percentage point; 43.1 percent were well-to-do households whose per capita income ranged from 500 to 1,000 yuan, an increase of 2.9 percentage point; and 11.4 percent were comfortable households whose per capita income was more than 1,000 yuan, an increase of 3.3 percentage point.

The wage bill of the province's staff and workers totaled 11.48 billion yuan, an increase of 10.9 percent over the preceding year; and their annual cash wages averaged 1,824 yuan, an increase of 8.1 percent. There were 6.387 million staff members and workers at the end of the year, an increase of 74,000 over the corresponding period of last year; and there were 186,000 self-employed workers in the urban areas, a drop of 15,000 from the same period of last year.

Urban and rural savings deposits increased by a wide margin. By the end of the year, total individual bank savings amounted to 36.45 billion yuan, an increase of 10.20 billion yuan or 38.3 percent over the same period of last year. Of this, urban savings deposits totaled 22.25 billion yuan, an increase of 46.6 percent; and rural savings deposits reached 14.20 billion yuan, an increase of 28.8 percent.

The per capita housing areas of urban dwellers in 1989 reached 8.9 square meters and that of peasants reached 16.8 square meters, both showing increases over the previous year.

The province generally attached importance to the social welfare services, disaster-relief work, and the support of the poor. Social welfare institutes had some 43,000 beds and provided for some 30,000 people throughout the province. The urban and rural collectives provided for 69,000 elderly, disabled, and orphans who had no other means of support, an increase of 7.4 percent over the previous year. Some 963,000 people in the urban and rural areas required government assistance. A total of 233 towns and townships established rural social guarantee networks. Social service networks were also rapidly developed. A total of 2,944 small and varied social service facilities were established. Conditions for arranging jobs for the handicapped were continuously improved.

#### 12. Population

According to a sample survey, the province's birth rate in 1989 was 20.19 per thousand, a drop of 0.16 per thousand; mortality rate was 5.44 per thousand, a drop of 0.06 per thousand; and natural population growth rate

stood at 14.75 per thousand, a drop of 0.10 per thousand. The province had 58.81 million people by the end of the year, an increase of 860,000 people over the previous year.

Note: All figures given in this communique are preliminary statistics. The GNP, national income, and output value listed here are calculated in terms of 1989 prices; and the rate of growth over the previous year is calculated from comparable prices.

#### **Wang Qun Addresses Inner Mongolia Party Congress**

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[Report made by Wang Qun, secretary of the regional party committee, at the fifth Inner Mongolia Autonomous Regional CPC Committee, entitled "Strengthen Party Leadership, Strive to Fulfill the Three Short-term Goals, and Struggle for Building a United, Prosperous, and Civilized Inner Mongolia"]

[Text] Fellow comrades!

Now, I would like to make a work report on behalf of the fourth CPC Committee of the Inner Mongolia Autonomous Region.

The Fifth Inner Mongolia Autonomous Regional CPC Congress has been convened after the successful convocation of the fourth and the fifth plenary sessions of the 13th party Central Committee. These two plenary sessions are of great historical significance to the further development of our party's great cause and the longterm stability and order, and have indicated the direction of building socialism with Chinese characteristics. The ongoing regional party congress is primarily devoted to profoundly implementing the guidelines of the fourth and the fifth plenary sessions of the 13th party Central Committee; conscientiously summarizing the work since the fourth regional party congress; defining the tasks on the building of socialist material and spiritual civilizations, and particularly on the strengthening of party building as well as the economic rectification and in-depth reform; actually strengthening party leadership; and mobilizing the 800,000 communist party members and the 20 million people of various nationalities throughout the region to work hard for the continuous progress of the socialist modernization of Inner Mongolia.

#### **1. The Review of the Work in the Past Five Years**

Since the end of 1984 when the fourth regional party congress was held, party organizations at all levels in the region have firmly and unswervingly implemented the line, principles, and policies laid down since the third plenary session of the 11th party Central Committee; have persistently emancipated the minds, sought truth from facts, and united as one to look forward; have guided the people of all nationalities in the region to hold high the banner of "unity, construction, reform, and

opening"; and have earnestly fulfilled the tasks set forth by the fourth regional party congress, thus scoring gratifying achievements in the national economy and various social undertakings. In addition, the political situation across the region has been stable, the economy has developed, the cultural undertakings have been thriving, all nationalities have lived in harmony, and the people have lived and worked in peace and contentment, being a period witnessing the most rapid economic growth and bringing about the greatest benefits for the people in the history of the region.

The national economy has maintained the trend of steady growth. Comparing 1989 with 1983, the regional GNP increased by 59.4 percent, showing a yearly average increase of 9.8 percent; the national income increased by 59.1 percent, showing a yearly average increase of 9.7 percent; and the financial revenues increased by 240 percent, showing a yearly average increase of 28.1 percent. In addition, industrial, agricultural, and animal husbandry production developed in a sound manner, fulfilling the goal of quadrupling the 1980 total industrial and agricultural output value; the gross grain output increased by 31.8 percent, showing a yearly average increase of 5.7 percent; the number of domestic animals increased steadily, registering a large-scale enhancement in the slaughter rate and commodity rate; and a number of key energy, transport, raw materials projects were completed and made available. As a result, the region's economic strength and momentum for further economic development were enhanced, and the quality of industrial products and economic efficiency improved further.

Remarkable progress has been made in implementing the three immediate fighting objectives. Since the end of 1987 when the fifth enlarged plenary session of the fourth regional party committee was held, the grain production of the whole region has greatly increased. In 1988, the total grain output was an all-time record. In 1989, under the situation in which many localities suffered from serious drought, the total grain output of the region still reached 6.79 billion kg, an increase of 720 million kg over 1987. In 1989, the local financial revenues of the whole region are expected to reach 2.6 billion yuan. The rate of financial self-sufficiency or the proportion of local financial revenues to the available financial resources rose from 53.7 percent in 1987 to about 59 percent. In 1989, the average per capita GNP is expected to reach 720 yuan if calculated in terms of constant prices of 1980, an increase of 12.2 percent over 1987.

The livelihood of the urban and rural people has continued to improve. In 1988, the average per capita net income of peasants and herdsmen throughout the region reached 547 yuan, of which the average per capita income of herdsmen reached 850 yuan, showing an increase of 68.2 percent and 60 percent respectively over 1983. The average per capita income for living expenses of the urban families reached 832 yuan, an increase of 93.1 percent over 1983. After adjustment for price rises, the average per capita net income in the past five years

still showed an increase of 37.7 percent. The average per-capita income for living expenses of the urban families increased 26.2 percent. The cultural life of urban and rural people has become increasingly active.

The economic structural reform has gradually deepened. The rural family-based output-related contract responsibility system and the "grass and livestock contracting" production responsibility system have improved continuously, thus promoting the commodity economic development in the rural and pastoral areas. Focusing our work on the central link of strengthening enterprise vitality, we have universally implemented the plant director (manager) responsibility system, and gradually promoted the various forms of the operational responsibility system with the contract responsibility system as the major form. Big progress has also been made in the reform on other fronts and in various trades. We have already made an encouraging step forward in the work of the two reform experimental zones of Hulun Buir League and Wuhai City which were approved by the CPC Central Committee and the State Council to carry out reform.

A new situation has been created in opening to the outside world. Comparing 1988 with 1983, the total foreign export trade volume increased 300 percent. We have rapidly developed border trade and economic and technological cooperation with the Soviet Union, Mongolia, and East Europe. Fairly big breakthroughs were made in the last two years. The total barter trade volume in 1988 and 1989 reached 140 million Swiss francs and 180 million Swiss francs respectively. During the past five years, we imported a total of \$260 million in foreign capital and 157 projects. We have foreign trade partners from more than 60 countries and regions. While actively opening the region to the outside world, the autonomous region has also increasingly activated its economic and technological contacts with fraternal provinces and regions. It has drawn more than 680 million yuan of domestic funds.

Further progress was made in developing educational, scientific, technological and cultural undertakings. The teaching conditions of all types of schools have greatly improved and the primary and middle schools in many localities have basically attained the goal of having no dangerous school buildings, but with classrooms, desks and chairs for their students. We have basically met the requirements of turning all key schools in the border pastoral areas into state-run boarding schools with grant-in-aids from the government. The nine-year compulsory education is being implemented in a planned and step-by-step manner. Rapid progress has been made in developing secondary and elementary vocational and technical education. We have given priority to developing education for minority people. The number of college students, middle school and primary school students, and secondary specialized school students in every 10,000 people of minority nationalities was higher than

the regional and national average. We have made scientific and technological work serve economic construction and production and made a new stride forward and achieved remarkable economic results. All undertakings, including culture, arts, press, publication, radio broadcast, television, sports, medicines and public health, have made new progress. We also scored remarkable achievements in family planning work.

The socialist democracy and the building of the legal system have been strengthened. The people's congress system has improved further, and the work of power organs at all levels has been enhanced. New progress has been made in local legislation work, and relatively good results have been achieved in the law popularization work. The patriotic united front has been expanded constantly, and the system of multiparty cooperation led by the CPC and the system of political consultation have played a positive role. Political and legal departments at all levels have achieved marked results in consolidating the people's democratic dictatorship and in safeguarding the social stability. The PLA [People's Liberation Army] units, armed force units, and militia stationed in Inner Mongolia have made important contributions to defending and building the border areas, providing disaster relief, building spiritual civilization, maintaining social order, and, in particular, checking turmoil. As a result, the unity between the Army and the government and between the Army and the people has become even firmer.

New headway has been made in the undertakings promoting the national unity. The region as a whole has conscientiously implemented the principles of national equality, national unity, and the common prosperity of all nationalities. Various minority nationalities in the region have achieved sustained and great progress in the fields of economy, education, science, technology, and culture; and a large number of cadres and experts of minority nationalities are reaching maturity. Through education on Marxist theory concerning nationalities and the party's policies towards nationalities, the idea that all nationalities are indispensable to one another has taken root in the hearts of the people, and the concept of ardently loving the socialist motherland and safeguarding the unification of the motherland has been strengthened further among the people. By profoundly studying and implementing the "law on the regional national autonomy," cadres and the masses of various nationalities have enhanced their concept of abiding by the law on the regional national autonomy. Thanks to the adherence to conducting the commendatory activity on national unity and progress, a number of advanced collectives and individuals in promoting national unity and progress have emerged on all fronts. The mass unity among various nationalities has vigorously promoted the development of the regional political stability and economic construction.

Party building has been strengthened gradually. Party organizations at all levels in the region have extensively conducted the education of party spirit, party style, and



party discipline, and made positive explorations for the building of party organizations at the grassroots level under the new situation. The activity of conducting democratic appraisals among party members, the activity of holding heart-to-heart talks with grassroots units, and other party activities have been institutionalized gradually. The party member-household contact activity launched in the most rural and pastoral areas has played a positive role in guiding the masses to extricate themselves from poverty and to embark on the road of common prosperity. A large number of excellent young and middle-aged cadres have been promoted to leading bodies at various levels. At the same time, the party's discipline inspection work has been strengthened, and a number of cases with regard to seriously harming party style and violating party discipline have been investigated and handled severely. The work of party schools at various levels has been enhanced further, and a large number of party members and cadres have been trained through various forms. The sparetime party schools at the grassroots level have played their due role in organizing education among party members and activists. Party organizations at all levels and the overwhelming majority of party members have withstood the trials of reform and opening-up; and have particularly stood up to and been tempered by the struggle of checking turmoil and quelling the Beijing counterrevolutionary rebellion this year. In the course of carrying out construction, reform, and opening-up, party organizations on all fronts and the vast number of communist party members have stood in the forefront; and have displayed their fighting, vanguard, and exemplary role. Meanwhile, a number of advanced party organizations and excellent party members have come to the forefront. Serving as a bridge to link the party with the masses, trade unions, CYL [Communist Youth League] organizations, women's federations, and other people's groups have made contributions to building material and spiritual civilizations.

Achievements scored over the past five years have eloquently shown that the line, principles, and policies adopted at the Third Plenary Session of the 11th CPC Central Committee are totally correct; that the basic line of the socialist initial stage—"one center" and "two basic points"—is totally correct; and that the principle adopted at the fourth autonomous regional party congress with regard to "uniting as one in carrying out construction, conducting reform, and opening to the outside world" is also totally correct.

In looking back on the past five years, we feel very happy about the development and progress made by the autonomous region. Meanwhile, we must clearly note that there are a lot of problems and shortcomings in our work and that many things cannot totally satisfy the desire of the people. The most prominent one is that in the course of building socialist material and spiritual civilizations, there are still the phenomena of being vigorous on the one hand and being weak on the other hand, which means that we have been weaker in conducting the ideological and political work and in particular we still

have the problems of not running the party strictly and not effectively combating the corrupt. In pushing forward the drive of conducting reform and opening to the outside world, we have not done enough in deeply studying and guiding the new situation and new problems which have cropped up in the large-scale change. In carrying out economic construction, we also have an idea of being overanxious for quick results. Some leading organs and cadres have not improved their work style in a down-to-earth manner. Most of them have still indulged in general calis and few of them have carried out deep guidance. They have been inferior in taking concrete action to implement the policies. The malpractices of being wasteful and extravagant and seeking pleasure and comfort have cropped up among some leading organs and cadres. In particular, the overlapping organizations and the over employment of personnel at all levels have developed to the point in which the financial capability cannot withstand the expenses and have caused these organs and cadres to take on the bureaucratic work style of being divorced from the mass and reality. As to these problems, we must attach great importance and adopt positive and powerful measures to earnestly deal with them.

We have looked back on the past in order to open up a path for the future. After having earnestly summarized and drawn on the experience gained over the past five years, we must firmly foster the following several important guiding ideologies in conducting our work in the future:

First, we must always regard the work of consolidating and developing the political situation of stability and unity as a first-grade task. The practice conducted over the past five years has further shown that stability represents the first important condition of making the undertakings of reform and construction a success, but unity also is a foundation and guarantee for stability. We can do nothing without the political situation of stability and unity and even will lose what we have gained. It is particularly important for Inner Mongolia to achieve stability and unity because it exercises regional national autonomy and is located in the border area and the inner party unity. The unity fostered among various nationalities can play a crucial role in creating a stable and unified situation. Over the past five years, leading cadres of party organizations at all levels and of various nationalities have maintained the situation of stability and unity and have created a good social environment for the autonomous region. This good environment works to conduct reform and carry out construction just because efforts have been made to promote unity among various nationalities and social circles, have criticized and combated in a timely manner the words and deeds which are harmful to the stability and unity, and have dealt strict blows to various criminal activities. During spring of this year, the hostile forces both at home and abroad attempted to destroy the national unity and the motherland's unification by making use of the problems concerning nationalities' affairs to stir things up and to

create disturbance. At the turn of spring and summer this year, the region experienced the political turmoil which enabled the region's whole situation of stability and unity to become severe. However, the autonomous region basically succeeded in maintaining a normal order in both the economy and society because party organizations at all levels and cadres of various nationalities had united as one and waged a struggle by taking a firm and clear-cut stand. This struggle has deeply taught us that we should understand all the more how important and precious the stability and unity are!

Second, it is imperative to uphold the principle of directing economic construction and various undertakings by proceeding from the region's conditions. Along with steadily deepening the drive of conducting reform and carrying out construction over the past few years, we have gradually deepened our understanding on the region's conditions and also continuously reinforced, readjusted, and improved our principles and policies. In the practice of economic construction, we have vigorously made use of the region's natural resources, nationalities, and economy to gradually pave a basic road of being suitable to local conditions; having various fronts pay particular attention to their own strong points; and of letting agriculture, forestry, animal husbandry, and industry achieve harmonious development. We have paid attention to overcoming the subjective one-sidedness and the idea of being overanxious for quick results; stressed the coordination and unification of economic results, speed, and the reserve strength of development; and upheld the principle of achieving stable development and avoiding violent ups and downs. The practice of reform and construction has repeatedly proved that correct guidelines and policies must be those which are in conformity with the socialist direction and can promote the development of productive forces. In implementing these correct guidelines and policies, we must firmly bear in mind our actual local situation, bring into full play the role of subjective initiative, judge the hour and size up the situation, seize opportunities, and must conduct our work in a creative way.

Third, we must emancipate our mind and pioneer the road of making progress under the guidance of Marxism-Leninism-Mao Zedong Thought. Since the enforcement of the principle of conducting reform and opening to the outside world, we have increasingly and deeply understood that the important issue to accelerating the region's development lies in emancipating minds and pioneering the road of making progress. Among many localities whose objective conditions are alike, why have some of them taken on an entirely new look and some have remained unchanged? The key to answering this question lies in whether their leading cadres have realistically brought about a change to the mental state of sticking to old ways, being complacent and conservative, and of attempting nothing and accomplishing nothing; or whether they have dared to smash the out-dated regulations and habits which have fettered the development of productive forces; whether they have met the

needs of an increasingly developing situation; and whether they have created something somewhat new and made progress. A host of facts have proved that only by continuously emancipating minds; pioneering the road of making progress; integrating in a scientific way the factors of policies, human being, and of mind with objective reality; and uniting in an organic way the principle of seeking truth from facts with the practice of emancipating minds, can we actively, stably, and properly push forward the programs of carrying out economic construction, conducting reform, opening to the outside world, and of developing various undertakings.

Fourth, we must uphold on a longterm basis the revolutionary spirit of self-reliance and of waging an arduous struggle. Making the region flourish represents a long-term process of building an enterprise through arduous efforts, which requires the people of several generations to unswervingly make efforts to wage struggles. We need the support and assistance of the country but we must place our starting point on self-reliance and continuously enhance our capabilities in self-development and economic self-support. In conducting various work, it is imperative to vigorously advocate the spirit of the Foolish Old Man who removed the mountain and of going all out to make the region strong, of building up the country and running family affairs industriously as well as carrying out various undertakings also industriously, and of performing official duties honestly. Efforts should be made to foster a fine social morale in which the people feel honored in waging an arduous struggle and practicing economy. The key to fulfilling these tasks lies in having the leading personnel of party organizations at all levels and all comrades in the party do a good job in taking the lead and setting examples in this regard.

Fifth, we must correctly implement the policy on regional national autonomy and vigorously do a good job in conducting work concerning nationalities' affairs. Implementing the policy on regional national autonomy represents a big event which has a bearing on the whole regional situation. Departments at all levels and cadres of various nationalities throughout the region must faithfully and actively do a good job in conducting the work concerning nationalities' affairs. It is imperative to uphold the principle of national equality and unity and of having various nationalities commonly achieve prosperity, to earnestly implement the law of regional national autonomy, and to realistically protect the right and interest of minority nationalities in being masters of their own affairs and the autonomous right and interest of localities which exercise the regional national autonomy. Only by so doing can we arouse the sense of minority nationalities in being responsible for their own affairs, enhance the party's cohesion and centripetal force, develop the economic and cultural undertakings on the basis of equality, and have various nationalities commonly achieve prosperity. In conducting the work concerning nationalities' affairs, we must be centered on economic construction, uphold the road of conducting reform and opening to the outside world, and vigorously

develop social productive forces. It is imperative to vigorously develop education on nationalities' affairs and scientific and cultural undertakings to upgrade in an overall way the quality of nationalities. Actively training cadres of minority nationalities and the specialized personnel of various kinds, who believe Marxism and ardently cherish the party, the motherland, and socialism, represents a core issue to implementing the policy on regional national autonomy, which must be placed in an important position in the party's work. The key to enabling the policy on regional national autonomy to be truly implemented in a down-to-earth manner lies on whether leading personnel have attached great importance to the policy and adopted effective measures to implement it.

Sixth, we must enhance the party's leadership, bring the political strong point into full play, and unswervingly uphold the "principle" of doing things with two hands. After having looked back on the last five years, we have more clearly discerned that only by enhancing the party's strong leadership over various circles and fronts and continuously strengthening party building and the ideological and political work can we fundamentally consolidate and develop the political situation of stability and unity and provide a powerful ideological and political guarantee for the programs of conducting reform, opening to the outside world, and carrying out construction. Every locality and department should not weaken the party leadership and relax their vigilance in the work of ideological and political fields at any time or under any circumstance. Otherwise, they will undoubtedly bring about harm to various work and even enable our undertakings to take the wrong road. In conducting various work in the future, we must resolutely overcome the tendency of being vigorous on the one hand and being weak on the other. We should vigorously achieve that we build a socialist material civilization on the one hand and socialist spiritual civilization on the other hand as well; as we carry out the program of conducting reform and opening to the outside world on the one hand and that of upholding the four cardinal principles and opposing to bourgeois liberalization on the other hand. Only by so doing can our undertakings be carried out along the road which reflects the Chinese characteristics.

Comrades, the achievements scored by the autonomous region in conducting reform and carrying out construction over the past five years represent the outcome of unity and struggle launched by the party organizations at all levels throughout the region, the broad masses of Communist party members, and more than 20 million people of various nationalities under the guidance of the party's correct line, principles, and policies. I, on behalf of the autonomous regional party committee, would like to extend lofty respect and heartfelt thanks to the broad masses of workers, peasants, herdsmen, and intellectuals throughout the region; to all officers and soldiers of the PLA units stationed in the region and of the armed police forces; to various democratic parties, nonparty

personages, and all patriotic personages; and to all comrades and friends who have supported or shown concern for the region's undertakings!

## 2. The Goal and Tasks of Economic Development

The next five years is an important period in which we will implement the principle adopted at the Fifth Plenary Session of the 13th CPC Central Committee with regard to improving the economic environment, rectifying economic order, and deepening the reform drive; and it is also a crucial period in which we will do a good job in making the second step in laying a solid foundation for reaching the well-off standard. We must correctly understand the situation we face; by persistently proceeding from the reality, earnestly implement the principle of having the national economy achieve sustained, stable, and harmonious development; and must strive to fundamentally realize the three fighting targets for the near future.

The three fighting targets of economic development for the near future include that based on vigorously developing production, the living standard of both urban and rural people throughout the region should reach to or above the national medium level; that based on having agriculture, animal husbandry, forestry, and industry achieve harmonious development, the region should realize step by step the self-support of grains; and that on the premise of continuously increasing economic results, the region should upgrade step by step the rate of financial self-support. All of the forementioned targets were adopted at the fifth (enlarged) plenary session of the fourth autonomous regional party committee. The practice conducted over the past two years has shown that the three fighting targets are totally in conformity with the region's reality and with the principle of improving the environment, rectifying order, and deepening the reform drive. In improving the environment and rectifying order, we want to eliminate the overheated desires and to curtail the overly high speed in economic growth. However, we do not want to give up development or to have the developing speed become the lower, the better. The fundamental purpose of improving the environment and rectifying order is to have the national economy achieve sustained, stable, and harmonious development just through the economic readjustment. Judging from the region's situation, in fulfilling the tasks of improving the environment and rectifying order, it is imperative to enhance the foundation of agriculture, to gradually upgrade the level of grain self-support, to vigorously increase economic results, and to gradually strengthen the capability of financial self-support. Based on developing productive forces, it is imperative to upgrade and improve the people's livelihood to safeguard the social stability. Therefore, vigorously fulfilling the three fighting targets in the near future represents the need of the autonomous region in developing the economy, making social progress, stabilizing political affairs, and in successfully making the second step for reaching to the well-off standard; as well as fully reflects the political awareness of the broad masses of Communist Party



members and the people of various nationalities throughout the region, who have taken the whole situation into account and shared the country's burdens, and the desire and determination of the party and the government with regard to bringing benefits to the people.

In the coming five years, we must unswervingly and vigorously strive to basically fulfill the three fighting targets for the near future; to score 1,000 yuan of per capita GNP calculated in term of 1980 fixed prices in 1994, and to somewhat raise our precedence of living standard among those of 30 provinces, autonomous regions, and municipalities throughout the country. The region's per capita net income of peasants and herdsmen should surpass that of the country at that time. The region should have a stable figure of 375 kg in the per capita output of grains and basically realize self-supporting in this regard. The region's annual number of large and small animals should reach 50 million, of these animals, the rate of fine or improved strain of animals should reach 55 percent and the slaughtering and marketing rate of animals should be further upgraded. The region's rate of financial self-support should be upgraded to 70 percent and its capability of self-development should be obviously enhanced.

If we basically fulfill the three immediate fighting objectives, it will be possible for us to fulfill the second step of strategic tasks with certainty, to make the national economic and social development of Inner Mongolia enter a new stage, to attain the target of quadrupling the GNP of 1980 or more, and to enable the living standards of the people to basically reach the level of comparatively well-off. This will also make it possible for us to make the average per capita grain output reach more than 400 kg, to realize self-sufficiency in grain, and to make some contributions to the state; to achieve steady development in animal husbandry, to further enhance our ability to combat disasters, to achieve modernization in raising livestock and to produce more marketable livestock; to increase the rate of financial self-sufficiency to more than 80 percent and to basically achieve financial self-sufficiency. By that time, Inner Mongolia will occupy a place in the northern frontier of the motherland and will show the world the great victory of our party and of our country's system of regional national autonomy with a new look marked by vigorous economic development, prosperous livelihood of the people, thriving cultural undertakings and national unity and progress.

Comrades, in the next five years, our region's economic construction tasks will be very glorious and arduous. In our road of advance, we will also meet with many difficulties accumulated during the past few years, such as the excessively rapid increase in prices, the tense situation in financial revenues and expenditures, the weak agricultural and animal husbandry foundation, the acute contradictions in communications and transport, the disorder in the circulation sphere, the poor economic efficiency, and so forth. During the second half of this year, some new contradictions and problems, such as the

slump commodity market, the suspension of operation and production in some enterprises, and the increase in the number of the unemployed, also emerged. A failure in properly solving the aforementioned difficulties and contradictions will affect not only economic stability but also political and social stability. The present prominent problems are: Many comrades fail to fully understand the harmfulness caused by excessively rapid economic growth and the necessity and arduousness of rectification. This is very harmful. Leading cadres at all levels, particularly leading cadres at and above the banner and county level, should overcome the overestimation of difficulties and unrealistic optimism, be determined to live austere for a few years, boost their courage and try by all possible means to overcome and bridge over difficulties.

We should also fully recognize the favorable conditions, enhance our confidence and resolutely overcome the mentality of fearing hardships and being pessimistic and inert. Judging from the overall situation, we have already made a good start in rectification. A political situation of unifying thinking and strengthening unity has emerged in the whole party. After the 10 years of reform in particular, the economic strength of our country has greatly strengthened and the people's livelihood has remarkably improved. The whole economy is being developed. The current difficulties are the difficulties on our road of advance and are temporary ones which we can absolutely overcome. Judging from the situation in our region, we have many distinctive favorable conditions: There are rich natural resources above and under the ground with great potential for development and utilization; the "Constitution" and the "regional national autonomy law" have entrusted us with many decision-making powers in economic construction; our region spans the "northwest, north and northeast China," neighboring the Soviet Union and Mongolia, and having fairly convenient conditions for developing internal and external economic contacts; the big proportion of state enterprises and basic industries will be conducive to enabling them to fully display their favorable conditions during rectification and to maintain steady economic growth. One thing which we must emphatically pointed out is that our region has also two big development opportunities lying ahead: First, in rectification, we must implement the principle of having both guarantees and curtailments, advance and retreat. In line with the industrial policy and the characteristics of Inner Mongolia's natural resources, the state decided to build and expand a group of energy, communications, and raw materials key projects during the late Seventh Five-Year Plan Period and the Eighth Five-Year Plan period with a total investment of more than 30 billion yuan. This will play an important role in promoting the development of our region's local and tertiary industries, expanding social employment, strengthening the momentum for economic development, and realizing the three fighting objectives. Second, after the normalization of relations between the PRC and the Soviet Union, the Soviet Union, Mongolia, and East Europe, the Far East

Area and Siberia in the Soviet Union in particular, have had a great demand for consumer goods and labor force from our country. The means of production and technological equipment of these countries available for export are needed by our region to carry out production, construction, and technical transformation.

To sum up, during the economic development in the coming five years, our region will face not only unfavorable factors but also favorable conditions, and not only difficulties but also opportunities. So long as we keep abreast of new situations, have a good command of the overall situation, make good use of opportunities, and meet difficulties head-on, we will be completely able to successfully realize the tasks of improving the economic environment, rectifying the economic order, and deepen reform; to maintain the sustained, stable, and harmonious development of the region's national economy in the course of overcoming difficulties; and to make still greater contributions to the state.

To realize the fighting goals of the coming five years, we must organically integrate the economic rectification and the indepth reform with economic development; and carry out the economic development strategy known as strengthening the foundation, optimizing the structure, improving efficiency, and effecting a steady increase.

A. We should further control the social demand and rectify the economic order in line with the disposition of the central authorities.

As demanded by the central authorities, the economic rectification and the indepth reform should be focused on the four important and critical links, namely, curbing the demand, readjusting the structure, rectifying the economic order, and improving efficiency, with top priority on the curbing of the total social demand. We should strictly control the total scale of investment in fixed assets. In the coming three years, we will not initiate any new construction projects, except for those key construction projects arranged by the state and the region. For those projects under continued construction, we should take stock of them and arrange them in order of importance and urgency. Those unnecessary non-productive projects, including the construction of office buildings, auditoriums, hotels, and meeting halls, and those productive projects which are in excessive supply and low efficiency should be resolutely shut down. At the same time, we must resolutely check the overly rapid increase in the consumption demand, and strictly control the institutional, administrative, and operational expenses. We should be strict in implementing the various specific regulations on living austere lives in line with the regional party committee's opinions on carrying out the "party Central Committee's decision concerning further improving the economic environment, rectifying the economic order, and deepening the reform." Violations of these regulations should be severely punished according to party and administrative discipline.

We should conscientiously straighten out the economic order, the order in the circulation sphere in particular. We should make continued efforts to straighten out the market order and stabilize commodity prices. We should launch a thorough clean-up and consolidation of companies, strictly enforce financial and economic discipline, strengthen tax collection and management and management of markets and commodity prices, and intensify auditing and supervising in a bid to check unauthorized price hikes and unjustified financial levies. For important goods and materials, the monopolized management and open sales system should be carried out. We should give full play to the predominant role of state commercial and supplies enterprises as well as supply and marketing cooperatives in stabilizing the market and checking price hikes. On the basis of increasing the effective supply of society, we should strive to make the price hike scale decline year after year.

We should pay attention to studying new situations and solving new problems cropping up in the course of the economic rectification and indepth reform. We should adopt effective measures to solve the currently existing problems such as the increased stock of goods, the increased deficit, and the aggravated "triangle debts" of enterprises, as well as other problems caused by the aforementioned ones. For the next several years, we should continue to implement the principles of tightening credit and currency issuance, give full play to the predominant role of banks in exercising macroeconomic regulation and control over money issuance, cut back on the money supply, accelerate the turnover of funds, ensure the money supply for key projects, and improve the efficiency of money utilization.

In the process of improvement and rectification, all localities and departments should resolutely safeguard the leadership authority of the party Central Committee and the State Council, stress party spirit, take the overall situation into account, and conscientiously carry out all orders and prohibitions. They should embrace the idea of taking the country as a whole, and make sure without fail that local interests are subordinated to the overall interests, immediate interests are subordinated to long-term interests, and the interests of the individual and the collective are subordinated to the interests of the state.

B. We should strengthen agriculture, animal husbandry, basic industries and infrastructural facilities, and adopt all possible means to improve economic results.

We should clearly understand that we will have no way out if we develop the economy through large amount of consumption of resources instead of concentrating efforts with a firm determination on changing the situation of backward technology and management. In the future when directing the economic work of our region, we should embrace the idea of achieving better economic results through adjusting industrial composition, scientific and technological progress and strengthening and improving operations and management, and gradually

channel the economy of Inner Mongolia to a new orbit of development with less input, more output and better economic results.

We should conscientiously strengthen the position of agriculture and animal husbandry as the foundation. We should firmly embrace the guiding thought of taking agriculture and animal husbandry as the foundation on a longterm basis, mobilize the entire party and society to pool their efforts to successfully develop agriculture and animal husbandry, create quickly a regionwide upsurge in attaching importance to, supporting and developing agriculture and animal husbandry, and promote agriculture and animal husbandry with concerted efforts. Party and government leaders of various localities should take agricultural and animal husbandry development as a task of prime importance, and step up efforts to work out and improve the plans for the production and development of grain and animal husbandry. Cities should do a good job in construction of vegetable and nonstaple food production bases. Orders of responsibility should be signed to make sure that every level makes efforts to carry them out. Whether the production of farm and animal products is promoted, whether the conditions for agricultural and animal husbandry production are improved, and whether the potential for sustained agricultural and animal husbandry development is enhanced should be regarded as important criteria for assessing the performance of party and government leading cadres and various pertinent departments.

As far as agriculture is concerned, we should take the road of comprehensive development. We should concentrate efforts on transforming low- and medium-yielding farmland and, at the same time, properly develop the areas suitable for farming which have better supplies of water resources. On the premise that the per-unit yields and output of grain are increased, we should expand the areas sown to wheat and rice, and actively develop diverse production. As far as animal husbandry is concerned, on the basis that grassland is protected, built and greatly developed, we should adhere to the principle of achieving a stable development, attaching equal importance to quantity and quality, and taking improvement of quality and economic results as the priority, accelerate the animal husbandry development of farming areas and areas engaged both in farming and animal husbandry while promoting the animal husbandry of animal husbandry areas in a stable manner, and conscientiously pay attention to improvement of animal strains to raise the rates of animals slaughtered and sold as commodity.

We should fully arouse the enthusiasm and initiative of the vast number of grassroots cadres, peasants and herdsmen, carry forward the self-reliant spirit and the spirit of the foolish old man who removed the mountain, and exert unremitting efforts to carry out farmland construction projects emphasizing irrigation and water conservation, and grassland and pastureland capital construction aiming at protecting grass, water resources and forests so as to gradually improve the conditions for agricultural and animal husbandry production, and

enhance the ability to resist natural disasters. We should raise funds for the development of agriculture, animal husbandry and forestry from various sources, and establish a system whereby investment is made by the state, the collective, and the individual. We should particularly guide and encourage peasants and herdsmen to increase their input of funds, materials and labor. We should institute the multiform system that links input with output, and the responsibility system in order to increase the returns of the investment in agriculture and animal husbandry. Financial resources of the autonomous region and various leagues, cities, banners and counties should be properly mustered for use on a priority basis in the construction of marketable grain and animal byproduct production base areas. Based on supporting and developing farming and livestock breeding, we should both support the poor and encourage them to cherish ideals, simultaneously make fund, technological and intellectual investments, and strive to help poverty-stricken areas, first of all people of minority nationalities, to eliminate poverty in five years. We should render great support for agriculture-oriented industry, and strive to increase the production and supply of the capital goods for the production of agriculture and animal husbandry and farm and animal husbandry machines. All trades and professions throughout the region should work out plans to actively support agriculture and animal husbandry.

We should establish a strategic idea of investigating agriculture and animal husbandry with science and technology and fully recognize the great potential of promoting agriculture and animal husbandry through science and technology. It is necessary to actively create conditions, further mobilize, encourage and realistically support scientific and technical personnel to participate in work on the forefront of agriculture and animal husbandry, set up and improve all forms of agricultural technology popularization service groups, gradually establish socialized comprehensive service and contract systems focusing on scientific and technological services and exert strenuous efforts to import, demonstrate, popularize and apply the advanced and applicable agricultural and animal husbandry scientific and technological achievements. We should step up our efforts to train peasants and herdsmen to master applicable technology, and strive to train one "family-based technician" who is well versed in scientific farming and has skills in scientific livestock raising for each and every peasant or herdsman household by the end of 1995.

Continued efforts should be made to deepen reform in the rural and pastoral areas, with an emphasis in stabilizing and improving the family-based output-related contract responsibility system. All localities should conscientiously implement the suggestions of the regional party committee and government on further deepening rural and pastoral reform. Special attention should be paid to maintaining the stability and continuity of policies, displaying the guiding role of policies, and using policies to reassure the minds of the people, to effectively



regulate the interests among the state, the collectives and the individuals, and to mobilize and protect the enthusiasm of peasants and herdsmen in farming, livestock raising, and in increasing input and applying science and technology. Localities where conditions permit may promote operation on a rational scale according to the wishes of peasants and herdsmen.

We should strengthen basic industries and the construction of infrastructural facilities and actively readjust the processing industry. In line with the state industrial policies, we should uphold the principle of guaranteeing the priorities, supporting the advanced, paying attention to efficiency and giving different guidances to different localities, concentrate energy on guaranteeing the building of energy, communications, and raw material industries, and actively readjust the processing industry. In line with the requirements of promoting operation on a rational scale, we should organize production and construction, display the comprehensive economic advantages and the influential role of central cities, optimize the distribution of the regional economy and the production set-up, and raise the macroeconomic results.

We should firmly foster the idea of taking the overall situation into account and opening the region to the outside world, consider the state and the localities as an entirety, and wholeheartedly guarantee and support the construction of the state key projects. On the premise of guaranteeing the quality of projects and the coordination and supporting work in various aspects, it is necessary to accelerate the construction of coal, electricity, petroleum, and agriculture-oriented industrial key projects and continue to develop the metallurgical, chemical, building materials and forestry industries in the course of readjustment.

Efforts should be made to actively improve the situations in communications, transport, post and telecommunications. While fully displaying and raising the comprehensive transport capacity of the existing railways and highways, we should also build and reconstruct the key railway and highway projects, further accelerate the develop civil aviation, post and telecommunications.

We should steadily develop the processing industry. The development of the processing industry should be compatible with the growth of agriculture, animal husbandry, energy, raw materials and transport capacity. In the light and textile industries, we should actively readjust the product mix, and actively increase the production of readily marketable daily consumer goods and special products in particular that are essential for the minority people and can meet the needs of the rural and pastoral areas and are suitable for export. In the machinery and electronic industries, it is necessary to accelerate product updating and upgrading and develop new products. In the military industrial sector, we should fully display the superiority of technology and equipment and accelerate the pace of transferring soliders to civilian jobs.

Efforts should be made to vigorously display the role of large and medium-sized key enterprises. The large and medium-sized state enterprises in our region have a fairly good foundation and are specially important and significant in economic development. We should implement special policies among them in terms of funds, energy, raw materials and transport, and guarantee the normal production. Large and medium-sized enterprises should strive to display their advantages in technology and facilities and help stimulate the development of medium-sized and small enterprises and the local economy.

We should give positive guidance to and steadily develop town and township enterprises. As an important component of the rural and pastoral economy, town and township enterprises play an important role in increasing the income of peasants and herdsmen, supporting agricultural and livestock production, and providing more job opportunities for the surplus labor force in rural and pastoral areas. Because town and township enterprises in our region are relatively backward, we should implement the principles of readjustment, consolidation, renovation, and improvement; positively guide and support town and township enterprises to develop the processing of agricultural and livestock products, the mining industry, and the labor-intensive industries and the tertiary industry which coordinate the production of large urban industries and facilitate the lives of residents in line with the state policies on industries. In particular, we should energetically develop the export-oriented industries in order to gradually enhance the economic strength of banners and counties.

We should continue to develop diversified economic sectors, with public ownership as their main body. In light of the region's characteristics in economic and social development, in the course of developing and expanding the public ownership economy, we should continue to encourage the development of the urban and rural cooperative economy, the individual economy, and the private business economy, in particular the developmental production focusing on increasing the effective supply of society as well as the commodity circulation service trade in rural and pastoral areas. We should protect the legitimate interests of the private business economy, and, at the same time, strengthen management and guidance, so that we not only exploit the positive role of the private business economy but also restrict its negative role which is detrimental to the development of socialist economy.

We should depend on scientific and technological progress to improve economic efficiency. The scientific and technological front should firmly embrace the idea of facilitating economic construction; and should emphatically conduct research, experiment, and popularization of applied science in close connection with the region's economic construction and the exploitation of the region's natural resources. The economic front should firmly embrace the idea of depending on scientific and technological progress; should conduct joint

research for solving scientific and technological problems in close cooperation with scientific and technological departments; and should strive to import, assimilate, master, popularize, and transfer new products and new technologies. We should guide enterprises to increase the incentive to promote technological progress, and make them feel the pressure to do so. We should attach importance to the technical transformations of superior industrial enterprises and key enterprises engaging in the basic industries. The funds earmarked for technological transformations should be actually spent on carrying out technological transformations, and should not be diverted to any other purpose.

We should give full play to the role of existing enterprises, and tap their potential through economic rectification and indepth reform. All enterprises, large and medium-sized enterprises in particular, should compare themselves with those enterprises of the same trade which have a high level and good efficiency in the country and the region, see where they lag behind, and then formulate measures to catch up with and surpass them. With focus on improving the quality of products and lowering material consumption, all enterprises should actually strengthen and improve management; vigorously increase production, practice economy, increase revenues and cut expenditures; and strive to improve their level to enhance their competitiveness on markets. We should energetically organize production integrations and enterprise groups headed by key enterprises and brandname products. We should reorganize production elements and merge enterprises, and should seize the opportune moment to effect a real improvement in the region's economic efficiency through conducting a series of consolidation and readjustment.

We should strictly control population growth and improve population quality. Because our region is precisely in a baby boom, the situation of population is very grim. Leaders at all levels should pay attention to carrying out family planning, and closely connect population control with economic development. In the five years to come, we must control the average natural population growth of the region at about 13 per thousand, and should strictly control the mechanical increase of population. We should continue to carry out all policies concerning family planning. The people of minority nationalities should also carry out family planning, and pay attention to healthy births and sound upbringing. The focal point of population control should be placed on rural and pastoral areas, poverty-stricken areas in particular. We should adopt effective measures to check the blind growth of population, place emphasis on healthy births and sound upbringing, and vigorously prevent and cure endemic diseases in order to constantly improve the quality of population. All Communist Party members and the Communist Youth League members in the region should set an example for carrying out family planning.

We should pay close attention to protecting and improving the ecological environment. We should make

continued efforts to plant trees and grass; strengthen the protection and reasonable utilization of existing forests and grassland; rapidly prevent the desertification and degeneration of grassland, the salinization of land, and soil erosion; and accelerate the construction of the second stage of the "north, northeast, and northwest China" shelterbelt. We should cherish and reasonably utilize land and water resources, adopt effective measures to positively prevent environmental pollution, and strive to reduce the adverse influence caused by the worsened ecological environment on the development of the national economy.

C. We should further deepen reform and expand opening up.

Since the third plenary session of the 11th party Central Committee, we have resolutely promoted reform and opening up, instilled vitality into the socialist development undertakings in our region, and effectively promoted the development of productive forces and social progress. Practice has already shown that there will be no way out and no hope without reform. To comprehensively fulfill future objectives and tasks, we must unswervingly uphold the socialist orientation, deepen reform and expand opening up.

In the next five years, the emphasis of our region's economic structural reform should be placed on stabilizing and improving all reform measures in force, gradually establish a macroeconomic regulation and control system that conforms to the principle of combining the planned economy with market regulation and the comprehensive application of the economic, administrative and legal means; keep hold of all reform experiments and actively explore ways to further promote reform. At the same time, we should take active and reliable steps to promote political structural reform in line with the central plans.

Continued efforts should be made to stabilize and improve the contract responsibility system in management. Most of the enterprises in our region which implement such a system have achieved remarkable results. However, there are also some problems which need improvement gradually under the premise of keeping the basic policies relatively stable. In accordance with the enterprise laws and contract regulations, we should further establish and improve the internal competition mechanism, the risk-taking mechanism and the regulation mechanism among enterprises, strengthen the auditing of the contract responsibility system in management among enterprises, and effectively overcome their myopic behaviour. We should scientifically define the contracted base figure, and properly handle the relation of interests between the state, the collectives and the individuals, and the distribution relations between the contractors and workers. Based on the division of work, party and administrative organs of enterprises should maintain mutual support to form a joint force, guarantee the leading role of the enterprise party committees in political and ideological work, and realistically guarantee

the power of plant directors in independently carrying out production and management. It is necessary to firmly foster the idea of wholeheartedly relying on the working class and fully display the role of workers as masters of the state through adopting effective systems and measures.

We should gradually improve the macroeconomic regulation and control system. In line with the principle of appropriately strengthening centralism, and in accordance with the plans of the party Central Committee and the State Council, we should further strengthen and improve macroeconomic management in planning, finance, banking, foreign trade, material supply and commodity prices, rationally readjust the functions of economic management departments, raise the work efficiency, and fully display the role of macroeconomic regulation and control.

We should earnestly grasp all reform experimental work. All reform policies adopted in the experimental zones of Hulun Buir League and Wuhai City should remain unchanged basically. The power expansion experiment being carried out in Baotou City and the reform experiments in various trades, leagues, cities, banners and counties should be continued. In the course of experiments, we should promote the spirit of daring to explore and put forward new ideas, pay attention to investigations and study, sum up experiences, unceasingly make improvements, and strive to explore valuable ideas and methods for regional reform.

We should vigorously expand the opening policy. Making full use of the region's favorable conditions of opening to the outside world and developing internal cooperation, it is necessary to expand foreign trade, strengthen economic and technological cooperation at home and abroad, and promote the development of rectification and economic construction. Our overall tentative plans are: Opening the northern part of the region to the outside world and developing cooperation in the southern part simultaneously in an effort to invigorate Inner Mongolia and to serve the whole country. On the basis of making continued efforts to further consolidate and develop markets in Hong Kong, Macao, and southeast Asia, we should also open up markets in Japan, Europe and the United States, strive to make a big breakthrough in opening the region to the Soviet Union, Mongolia and East Europe within a short period of time, and grasp the opportunities to develop border trade and local trade, and strive to expand economic and technological cooperation and export of labor service. It is necessary to further strengthen the building of outlets and export commodity bases, continue to improve the investment environment, actively import funds and technology and bring in trained personnel. We should combine openness with domestic cooperation and our region's advantages in natural resources and trade outlets with the economic and technological advantages of the fraternal provinces and cities, actively develop lateral economic cooperation inside and outside the region, use openness to stimulate

domestic cooperation and domestic cooperation to promote opening up, and enable the socialist planned commodity economy to develop in our region more quickly and extensively.

### **3. Actually Strengthening the Building of Socialist Spiritual Civilization**

To promote the region's undertakings on socialist modernization, we must actually grasp the building of socialist spiritual civilization in the course of persistently grasping the building of socialist material civilization.

In the five years to come, the basic demands and major tasks of the building of the region's spiritual civilization are: Centering on the four cardinal principles, focusing on ideological and political education, we should constantly enhance the ideological and moral integrity as well as scientific and cultural expertise of the people of all nationalities; should constantly enhance the political awareness of the masses of the people, the young people in particular, in ardently loving the party, the motherland, and socialism; should vigorously train new-type socialist persons with high ideals, moral integrity, education, and a sense of discipline; and should constantly stimulate the people to work hard, make innovative progress, and do a pioneering work so as to ensure the smooth progress of the region's reform and construction.

A. We should adhere to the four cardinal principles, and resolutely oppose bourgeois liberalization. The four cardinal principles are the foundation underlying all our efforts to build the country, as well as the core of the socialist spiritual civilization. Deviating from any of them, the foundation of the socialist spiritual civilization will be shaken. It should be noted that the international reactionary forces have never given up their attempt to subvert the socialist China; and the domestic class struggle still exists in a protracted manner within a certain sphere, and sometimes become very sharp. The struggle between international hostile forces and socialist countries will be complicated and will exist for a long time on the levels of infiltration and counterinfiltration, subversion and countersubversion, and peaceful evolution and the effort to counter it. The outbreak of the turmoil and the counterrevolutionary rebellion at the turn of spring and summer this year is the result of the rampant ideological trend favoring bourgeois liberalization, as well as the result of the protracted infiltration of the international hostile forces and our neglect in ideological and political education for a certain period. Therefore, firmly adhering to the four cardinal principles and opposing bourgeois liberalization in a clear-cut stand become the most important task of the building of spiritual civilization, which must be fulfilled firmly and unswervingly.

To uphold the four cardinal principles, we should penetratingly and sustainedly conduct the education on socialism and patriotism because the comparison between socialism and capitalism become increasingly sharp day by day. We should enable the vast number of



party members, cadres, and the masses throughout the region to deeply understand the essence and harmfulness of bourgeois liberalization, to profoundly understand how dangerous the "peaceful evolution" is, and to use the concept of class struggle and the method of class analysis to approach and think over major social problems and strengthen their immunity from the attack of bourgeois liberalization. We should enable the masses of the people, youths and students in particular, to actually understand the modern and contemporary history on the development of Chinese nation, to really understand the superiority of socialist systems, and to fortify their confidence that only socialism can save China and only socialism can develop China.

B. We should persist in the Marxist viewpoint on nationalities, implement the party's policies towards nationalities, and strengthen the great unity among all nationalities. Our region is a area practicing the regional national autonomy. Only the strong national unity can provide the basic guarantee for the victory of our modernization undertakings. We should firmly and unswervingly implement the party's policy on the regional national autonomy, and the principles of national equality, national unity, and common prosperity of all nationalities with a view to constantly consolidating and developing the new-type socialist relations among all nationalities. We should firmly, extensively, and profoundly conduct the education on Marxist theory on nationalities, the party's policies towards nationalities, and safeguarding the unification of the motherland and the unity of all nationalities so that we can enable cadres and the masses of all nationalities as well as the vast number of youths and students to foster a correct idea on nationalities and the idea that all nationalities are indispensable to one another and to cherish the national unity just as they cherish their own lives. We should begin educational work with young people, helping them understand the extreme importance of safeguarding the reunification of the motherland and national unity from their childhood. It is necessary to focus the educational work on cadres of various nationalities, particularly leading cadres at all levels, and enable them to take the lead in safeguarding the common interests of the people of various nationalities, in implementing the party's policies toward nationalities, and in promoting national unity. We should fully respect the languages, characters, religious beliefs, habits and customs of the minority people. Cadres and the masses at all levels should maintain mutual respect and support in order to achieve common progress. Efforts should be made to resolutely oppose all words and deeds that harm national unity, always maintain vigilance and prevent domestic and foreign hostile forces from using national problems to stir up contradictions and create trouble, and resolutely struggle against all people who launch conspiratorial activities in a vain attempt to split the reunification of the motherland and disrupt national unity.

C. We should deeply conduct education on ideals, the current situation and tasks and encourage the people of

various nationalities throughout the region to make unremitting efforts to improve themselves and to engage in arduous struggle. Realizing the profound communist ideals and the common ideal of building socialism with Chinese characteristics is the spiritual pillar of the whole party and the people of various nationalities as well as a strong impetus for successfully carrying out all fields of work. We should combine education on the profound and common ideals with education on current situation and tasks, and grasp them with unremitting efforts.

Arduous struggle is the fine tradition of our party and of the Chinese nation which must be upheld and promoted for a long time. Particularly under the circumstances in which there are sharp changes in the international situation and our country has met with temporary difficulties, it is more necessary for us to firmly foster the ideas of independence and self-reliance and to work hard to bridge over difficulties with concerted efforts. We must make the broad masses of cadres and the masses realistically understand the situations in our region and in the country, and urge them not to depart from the reality and seek high consumption but to practice economy and work hard at all time and to oppose ostentation and extravagance. They must not compete with each other in a race to show their wealth and must not engage in extravagance and waste. In promoting arduous struggle, more importantly, we must promote the enterprising spirit of constantly striving to become stronger, the death-defying spirit and the sacrificing spirit, encourage the people of various nationalities throughout the region, particularly the broad masses of party members and cadres, to face difficulties, to be optimistic and resolute, to have the courage to struggle and to be keen to win victories. We must also encourage them to work honestly and diligently at their own work posts, to brave the way forward in a down-to-earth manner, and to selflessly offer their wisdom and strength.

D. We should strengthen the building of socialist democracy and the legal system. The building of democracy is a process of gradual progress. In the future, we should continue to improve and perfect the people's congress system at all levels, the system of multiparty cooperation and political consultation under the leadership of the Communist Party, and the system of regional national autonomy, further strengthen the building of grassroots political power, unceasingly clear the channels of democratic consultation and democratic supervision and management, enhance the sense of citizens of participating in political affairs, and make the policy decisions of leading organs more scientific and democratic in order to realistically manifest the essence of socialist democracy that the people serve as masters of the state.

In building the legal system, we should pay attention to legislative work on the one hand while saliently stressing law enforcement and law observation and strengthening legal supervision on the other. In line with the reality and characteristics of our region, we should grasp the local legislative work, and the building of the judicial system and administrative law enforcement system so that there

are laws to abide by, that laws already enacted are observed and enforced to the letter and that law violators are brought to justice. It is necessary to strengthen the people's democratic dictatorship, resolutely deal blows to a small number of hostile elements and all types of economic and criminal offenders who disrupt the socialist cause, strengthen comprehensive improvement in social order, and provide a stable social environment for improvement, rectification, deepening of reform and a happy and secure life for the people.

We should conduct large-scale education on socialist democracy, the legal system and discipline to enable the people to establish the good habit of abiding by the law and discipline. What we need is socialist democracy, and we should resolutely oppose capitalist democracy and liberalization. We should take the initiative in seeking unity of socialist democracy and freedom with the efforts to act according to the law and abide by discipline. We should resolutely oppose both the erroneous acts of suppressing and undermining democracy and the acts of anarchism and ultra-democracy.

E. We should exert great efforts to make our region's education, science and culture flourish. We should develop education and science on a priority basis. Development of education is an undertaking of vital and lasting importance. We should unswervingly adhere to the principle that education serves socialism and is integrated with production and labor, and strive to cultivate qualified successors to the socialist cause. Based on the needs of our region's economic and cultural construction, we should adjust the educational structure, gradually make the nine-year compulsory education universal, adjust, replenish and improve higher education, develop the education of minority nationalities on a priority basis, greatly develop vocational and technical education and short- and medium-term vocational training, and successfully carry out the work to "wipe out illiteracy." We should further advocate the practice of respecting teachers and attaching importance to education, respect knowledge and talented people, show concern for and rationally use intellectuals, continuously raise their ideological, political and professional levels, and give full play to their enthusiasm and initiative. We should adhere to the correct orientation of making natural sciences, philosophy and social sciences serve the building of the socialist material and spiritual civilizations, and enable them to yield more and better results. We should carry out large-scale activities to popularize science, and gradually establish a common practice of attaching importance to studying and applying science throughout society.

Propaganda and theoretical, literary and art, press and publication, radio and television, and sports and public health departments should adhere to the political orientation of serving socialism and the people, and the party's principle of "letting a hundred flowers blossom and a hundred schools of thought contend" in order to provide rich, healthy and progressive nourishment for the minds of the people. All departments concerned

should work in close coordination, carry out thorough and persistent "antipornography" work, resolutely root out the "sources of pornography," and resolutely eliminate such ugly social phenomena as the "six vices."

We should continue the emulation activities of building civilized cities, civilized townships and villages (sumu and gacha), civilized enterprises and civilized households. In cities, we should continue to eliminate dirtiness, disorder and impoliteness, and build clean and orderly civilized cities. In rural and pastoral areas, we should continue to advocate transformation of social traditions, oppose feudal and superstitious activities, enrich the spiritual and cultural lives of peasants and herdsmen, and develop a healthy and civilized style of living. We should launch extensive and in-depth activities to learn from Lei Feng, heroic models and the advanced to continuously raise the public moral standard of the entire society.

F. We should conscientiously strengthen party leadership over the ideological and cultural fronts to ensure the healthy development of the socialist spiritual civilization. Strong ideological and political work is an important content of and also an important guarantee for the building of the spiritual civilization. Party organizations at various levels throughout the region should regard ideological and political work as the central link of the building of the spiritual civilization, and carry it out. They should establish the party's authority of leadership over ideological and cultural fronts, place the leading power of the propaganda, theoretical, cultural, educational, press and publication departments firmly in the hands of the party, and give full play to their important role in ideological and political work and the building of the spiritual civilization. We should conscientiously strengthen party leadership over the work of colleges, universities and secondary specialized schools, and show concern for and support the schools of various categories in their efforts to strengthen ideological and political work. The most important duty of trade unions, CYL organizations, women's federations, and other people's groups is to successfully conduct the ideological and political work among the vast number of workers, staff members, youths, and women and to serve as a good bridge linking the party with the masses. Political work departments and cadres of all professions and trades should be duty-bound to grasp the ideological and political work well.

We should restore, carry forward, and persist in the fine tradition of ideological and political work our party has established during the protracted practice of revolution, and should constantly explore new ways to strengthen ideological and political work in light of the new cases and new problems emerging under the new situation. We should adopt different work methods and carry out different content in line with the different targets of various departments. At the moment, we should strengthen the ideological and political education among party and government cadres to enable them to withstand the trials of ruling the country and carrying out

reform and opening. We should strengthen the ideological and political education among youths and students to enable them to embrace a correct outlook on life and lofty ideals and to become qualified builders of socialism. We should strengthen the ideological and political education among workers and staff members of enterprises to enhance their spirit of collectivism, their spirit of selfless dedication, and their socialist sense of responsibility as being the masters. We should strengthen the education among peasants and herdsmen to enable them to correctly handle the relations among the state, collectives, and individuals and make more contributions to the state. All professions and trades should deeply conduct the education on socialist professional morality to enable the people of all nationalities, party members and cadres of leading organs at all levels in particular, to embrace the professional moral concept of serving the people. Those advanced persons who have upheld a firm political stand, have been so devoted to public service as to forget their own interests, have been steadfast in workstyle, have been cautious and conscientious in doing their work, have kept improving their professional knowledge and skills, and have led an arduous and simple life should be commended on a grand scale and publicized in a down-to-earth manner. At the same time, we should pay attention to grasping the negative cases, and combine the positive education with necessary punishment.

Because the building of spiritual civilization involves many spheres and has strong characteristics of theory, policy, and practice, we must possess a basic contingent of builders of spiritual civilization who have high political awareness and good professional skills. Cadres, workers, and staff members of propaganda, theoretical, cultural, and educational departments at all levels constitute the foundation of this contingent, and political work cadres of the party constitute the backbone force of the contingent. From now on, we should conscientiously select and promote qualified persons to this contingent, show concern for their studies and livelihood, their political progress in particular, and constantly improve their political accomplishments and work ability. The comrades engaging in this work, political work cadres in particular, should set strict demand on themselves, be as good as their word, and set an example for others.

To strengthen the building of spiritual civilization, we must firmly grasp the building of the front and installations. We should make full use of modernized means of propaganda, the educational means of direct observation in particular; and should positively open and expand the front of the spiritual civilization building in an effort to recapture the front which had been lost due to negligence in building spiritual civilization and enable the front to actually gear itself to propagating Marxism and spreading the socialist spiritual civilization. The emphasis of the building of the front and the installations should be placed at the grassroots units, enterprises, schools, neighborhoods, and, in particular, at rural and pastoral areas and remote areas. We should

vigorously create necessary conditions for launching spiritual civilization activities among the masses in urban and rural areas. Governments at all levels and all circles in society should try their best to provide financial and material support to this work.

#### **4. Be Determined To Strengthen Party Building**

Persisting in the leadership of the Communist Party is the most fundamental guarantee for maintaining national stability and building socialism with Chinese characteristics. The party's role as the core of leadership cannot be shaken at any time or under any circumstances. The leadership of the party should be strengthened but not weakened.

The party's role as the core of leadership concentratively embodies its political, ideological, and organizational leadership as well as its leadership over all important factors and all important matters. The party cannot give up the leadership over any spheres and no spheres can divorced themselves from the leadership of the party. Now, we are in a new historical age. To achieve a success in improving the economic environment, rectifying the economic order, and deepening reforms, we must further strengthen the leadership of the party as well as the centralism and unification of the party. Only by so doing can we unite with the people of all nationalities and work with one heart and soul to strive for victories.

To persist in the leadership of the party, we must strengthen party building. The situation of the party has decisive significance to the destiny of the country and the nation. Viewing the situation of our region, the main trend of party organizations at various levels as well as the ranks of party members are good. They have brought into play the role as the powerful core of leadership and the exemplary vanguard role in the course of conducting reforms, opening the country to the outside world, and building the two civilizations, particularly during the stern political struggle of this year. We must fully affirm this. We must heighten our vigilance against the hostile forces at home and abroad that exaggerated some of our existing problems and shortcomings with a view towards confusing and poisoning the people's minds and negating the leadership of the party. Meanwhile, we must squarely face our problems. We must clearly understand that problems, such as impurity of ideology, organization, and work style and lax discipline, actually exist to varying degrees within the party. During this year's political disturbances, some party organizations failed to bring their functions into play at the crucial moment. Facing some key problems of principle, some party members failed to firmly adhere to the stand of the party and the country, some assumed an ambiguous attitude, some publicly defended the wrong things, and some even directly participated in or supported the disturbances. This fully demonstrated the seriousness of the problems. Approaching from the high plane of the destiny of the party and the prosperity and the success of the country, all communist party members of the region should fully understand the urgency and the extreme importance of



the strengthening of party building, concentratively attend to party building, and be determined to solve the serious problems within the party.

The region's main tasks of party building in the next five years are as follows: Under the guidance of the party's basic line, we should strengthen the party's ideological construction to upgrade the party members' political and ideological awareness and maintain the firm political orientation. Through strengthening organizational construction, we should purify the ranks of party members, strictly enforce party discipline, and continuously improve the leading bodies at various levels. Through strengthening the improvement of party style, we should eliminate the corrosive phenomena within the party and improve and narrow the relationship between the party and the masses. Through comprehensively strengthening party building, we should realistically upgrade the party's combat effectiveness, cohesive power, and attractiveness; and bring into play the party's role as the core of leadership, the party organizations' role as a fighting force, and party members' exemplary vanguard role.

A. We should strengthen the ideological building of the party, and adhere to the correct political orientation.

The party's enhancement in theory is the basic guarantee for the correctness and scientific nature of party leadership. To strengthen the ideological building of the party, the most important thing is to strengthen education on the basic theory of Marxism-Leninism-Mao Zedong Thought, and to completely and accurately command the scientific structure and the essence of Marxism-Leninism-Mao Zedong Thought. This is the basic task of the party's ideological building.

Marxism-Leninism-Mao Zedong Thought is the theoretical basis for guiding our ideas, as well as the guidebook for all actions of the party. Over the past few years, owing to the negligence in the party's ideological building, and particularly due to the lack of study and education in Marxism-Leninism-Mao Zedong Thought, some party members and cadres have failed to distinguish right from wrong and have even lost confidence, direction, and spiritual pillar with regard to major matters of principle. Worse still, some party-member cadres holding leading posts have had scant knowledge of the basic theory of Marxism, and thus have been unable to begin talking about applying the Marxist stand, viewpoint, and method to analyze and solve practical problems. In particular, when handling the relations between individuals and organizations and between individuals and the masses, they have frequently reversed the order of importance, and lost principle. From now on, we must actually change this situation by truly placing the propaganda and education of Marxism in an important position, by adopting diversified measures to arouse party members' initiative in studying Marxism, and by establishing a proper atmosphere of studying Marxism, the Marxist philosophy in particular, among the whole party. By so doing, we can actually improve the theoretical expertise and political insight of all comrades of the

party. Because the Marxist theoretical expertise of leading cadres has a bearing on the success or failure in the political orientation and political work of the localities and units where they serve, we must set a still stricter demand on them by making them study Marxism still more, understand it still deeper, and apply it still better. We should regard the cadres' attitude on Marxism-Leninism-Mao Zedong Thought as an important criterion for judging their degree of revolutionization as well as party spirit and principle. In selecting and appointing cadres, we should primarily base our judgment on whether these cadres have Marxist theoretical accomplishments and whether they can adhere to the principle of integrating theory with practice.

The study of the basic theory of Marxism-Leninism-Mao Zedong Thought should be closely combined with the study of the works of Comrade Deng Xiaoping. Comrade Deng Xiaoping has set forth a series of viewpoints and theories in line with the principle of integrating Marxism-Leninism with the practice of China's revolution. These viewpoints and theories are the inheritance and development of Mao Zedong Thought under the new historical condition, as well as the valuable spiritual wealth of the whole party and the people throughout the country. The works of Comrade Deng Xiaoping, particularly his theory of building socialism with Chinese characteristics, are very realistic and purposeful, and have a strong character of guidance, thus being our powerful ideological weapon to strengthen party building, uphold the party's basic line, and do all undertakings well under the new situation. The vast number of Communist Party members in the region, leading cadres at all levels in particular, must attend to studying Comrade Deng Xiaoping's works by regarding them as an obligatory course of Marxism-Leninism.

In studying the basic theory of Marxism-Leninism-Mao Zedong Thought, we should adhere to and carry forward the fine tradition of integrating theory with practice which has always been advocated by our party; should organically combine the process of working with the understanding, testing, and application of theories; should organically combine the process of reading and studying with the solution of problems; and should learn to apply Marxist stand, viewpoint, and method to approach, analyze, and solve problems. We should encourage the vast number of party members and leading cadres at all levels to study theories in light of what has happened in the past and in line with experiences in history in order to make them more conscious and steadfast in executing the party's basic line.

The study of the basic theories of Marxism-Leninism-Mao Zedong Thought should be linked with the education on adhering to the four cardinal principles and opposing bourgeois liberalization. The broad masses of party members should firmly foster the lofty ideals of communism, persist in the correct political orientation, and enhance the concept of the class struggle. The study of the basic theories of Marxism-Leninism-Mao Zedong Thought should be combined with the basic knowledge

of the party, particularly the education on the purpose of the party. We should firmly foster the concept of serving the people wholeheartedly, overcome all forms of individualism, and play an exemplary role in carrying out the work in all spheres.

In conducting ideological education, we should not only bring party members' awareness into play but also set positive examples. We should adopt various forms to repeatedly conduct propaganda and education on some basic viewpoints and the basic knowledge of the party. We should set up and improve various study systems. Party committees at or above the banner and county level should persist in the system of key study groups. Party schools at various levels should pay attention to training cadres and party members in a well planned manner, they should also persist in the method of responsibility for training party members at the same levels, and strive to conduct theoretical education generally among all party members in the next five years. In particular, members of league, city, banner, county, town, township, and sumu party committees should accept the training given by party schools at higher levels during their term of office. We should realistically strengthen the construction of the ranks of Marxist theoretical workers. Meanwhile, we should organize a group of comrades who possess a Marxist theoretical foundation and are familiar with the reality of party building to strengthen the study of theory of party building and to explore new ways for promoting party building under the new situation.

B. We should restore and carry forward the party's fine work style, resolutely punish the corrupt, and narrow the relationship between the party and the masses.

Eliminating the corrosive phenomena within the party is an urgent matter related to the improvement of party style. Over the past few years, we never stopped the struggle against corruption and also made some achievements in this regard. However, there actually exist some problems due to our failure to have great determination, adopt a resolute attitude, take effective measures, and make noticeable results. The people have complaints about this. After the fourth plenary session of the 13th party Central Committee, the party Central Committee with Comrade Jiang Zemin as its nucleus adopted resolute measures to punish the corrupt, and this found an echo in the hearts of the people. The situations in some localities indicate that only when leaders have firm determination and adopt resolute measures can we solve these problems. We should adopt an attitude of bearing high responsibility to the party, the people, and the coming generations; grasp the current favorable opportunity to strictly punish the corrupt; and ensure to thoroughly carry out the work but not to give up halfway so as to have the broad masses of the people understand that our communist party's aim of serving the people wholeheartedly has not been changed and we are completely able to eliminate corruption.

We should apply legal, administrative, systematic, disciplinary, and educational means to oppose corruption. Meanwhile, we should make concerted efforts to comprehensively eliminate corruption. It is most important that we must persist in the principle of strictly administering the party, firmly attend to investigating and handling unlawful and undisciplined cases and strictly punish the corrupt within the party. Whoever is involved in corruption should thoroughly be investigated and resolutely be handled. The corrosive phenomena, no matter how many people are involved, should resolutely be ended and corrected. We should clearly investigate and handle, one after another, the problems that the people hate bitterly, including the unlawful activities of corruption, bribery, speculation, and profiteering; the unhealthy practices of adopting illegal means to build private houses and occupy excessive housing areas; and the unhealthy practices in recruiting workers, promoting cadres, and "changing rural residence registration to urban one." Key responsible comrades of party committees at various levels should take a personal interest in investigating and handling cases; support the departments in charge of investigating and handling cases to bravely exercise their functions; help them eliminate obstacles; resolutely break "personnel relationship;" and put an end to the trend of pleading for somebody's mercy. Law and discipline enforcement departments should handle affairs justly and be upright and brave to face difficulties. Simultaneously, we should pay attention to the propaganda and education on advocating administrative honesty and opposing corruption; upgrade party members' awareness of being honest in performing official duty, keeping themselves within discipline, and resisting corruption; strengthen the setup of the system of administrative honesty; improve management; and stop loopholes.

The key to successfully fighting corruption lies in the exemplary action of leaders. Leading cadres at all levels should set strict demands on themselves, and correctly apply the powers entrusted on them by the people. They should strive to strictly abide by laws and discipline, refuse to take bribes and bend the law, perform official duties impartially, engage in arduous struggle, and guard against extravagance and waste. At the moment, the most important task is to implement to the letter the various regulations on maintaining honesty and preventing corruption formulated by the party Central Committee, the State Council, the regional party committee, and the regional government, and set an example for the masses. Those which are required to be attained by the organs at lower levels should be first attained by leading organs; and those which are required to be attained by the masses should first be attained by leading cadres. Those leading cadres who have violated laws and disciplines must be dealt with severely. Towards such leading cadres, we should never allow bureaucrats shield one another, nor should we turn big problems into small problems and small problems into no problem at all. Party committees, discipline inspection commissions, procuratorial organs, supervisory departments, auditing

departments, and industrial and commercial departments at all levels should all strengthen inspection and supervision over this work. At the same time, we should depend on and mobilize the masses to strengthen the supervision over party members and cadres, leading cadres in particular. We should maximize the effectiveness of crime-report system, expand the crime-report scale, set up additional crime-report stations, strengthen the petitionary work, smooth the supervisory channels, and pay attention to exploiting the supervisory role of the press and mass media, people's deputies, CPPCC members, mass groups, and democratic parties.

Maintaining close ties with the masses is the source of the strength of our party. The most grave danger of the ruling party is deviation from the masses. Restoring, developing, and, in a sense, rebuilding the flesh-and-blood relations between the party and the people is an urgent task facing the whole party at present. Party organizations at all levels, the vast number of party members, and, in particular, leading cadres of the party should adhere to the purpose of wholeheartedly serving the people, firmly embrace the mass viewpoint, and persist in the party's mass line. In thinking of questions and handling affairs, we must primarily proceed from the interests of the overwhelming majority of the masses. We should conscientiously solve the unfair distribution and other social problems, and use proper policies to regulate the relations of interests among the masses at various levels. Leading organs and cadres should vigorously develop the spirit of arduous struggle, and take the lead in leading an austere life. They should improve the style of organizations, and overcome bureaucratism. They should frequently go deep into the realities of life, go down to the grassroots units, and immerse themselves among the masses to listen to the voice of the masses, to show concern for the weal and woe of the masses, solicit opinions and suggestions from the masses, and solve problems for the masses. At present, they should especially pay attention to solving practical problems for the workers and staff members who lost jobs as a result of stopping production, for the peasants and herdsmen returning to their hometowns from other places, and for job-waiting youths in urban areas. We should establish and improve the system of contact between party members and the masses, restore the system of making cadres to regularly go down to rural areas to conduct investigations and studies. Principal leading cadres at or above the banner or county level should all have their own contact areas, where they should give different guidance according to different cases, find out typical cases, and discover and solve new problems in a timely manner.

Criticism and self-criticism is one of the three major workstyles of our party, as well as an important guarantee for maintaining the health and vitality of the body of our party. At present, the tendency of "keeping on good terms with everyone at the expense of principle" is relatively serious within the party. Some erroneous ideas, viewpoints, and workstyles cannot be resisted, criticized, and corrected in a timely manner; and some

evil trends cannot be checked effectively. Such situations have seriously dampened the fighting force of our party. Our party is one with a high degree of political principle. In the inner-party political activities, and among the comrades within the party, the party's interests and principles are higher than everything else, and all ideas and actions infringing upon the party's interests and violating the party's principles are forbidden by party discipline. We must use the weapon of criticism and self-criticism to conduct ideological struggle within the party, adhere to the truth, correct mistakes, and wage a resolute struggle against all erroneous ideas and actions. Criticism must be focused on politics, and all our words should be based on evidence. The cases of talking and acting irresponsibly and sabotaging the unity are also forbidden by party discipline.

C. We should correctly understand and persist in the principle of ensuring the ranks of cadres to become more revolutionary, younger in average age, better educated, and more professionally competent; and strengthen the construction of leading bodies.

Achieving the construction of leading bodies at various levels is of decisive importance to ensuring the implementation of the party's basic line and the development of all undertakings in the region. To strictly administer the party, we should first ensure leading bodies at various levels to really become a powerful leading core.

The key to strengthening the construction of leading bodies is to select and readjust leading cadres at various levels according to the "four requirements" of cadres and the principle of having both ability and political integrity, and to ensure that leadership is firmly grasped by the people who are loyal to Marxism. We should unswervingly persist in the principle that the party manage cadres and avoid the occurrence of the wrong phenomena, and that the cadre personnel work become weakened and is divorced from the leadership of the party. We should comprehensively understand and accurately enforce the principle of "four requirements of cadres." In selecting and appointing cadres, we should pay attention to their political stand, ideological quality, leadership ability, and work achievements. We should widen the field of vision in selecting cadres, persistently attach primary importance to the requirement of ensuring cadres to become more revolutionary, and stop and eliminate the tendencies of placing undue emphasis on aging and graduation certificates. We should pay particular attention to selecting and promoting outstanding minority cadres and outstanding women cadres. We should ceaselessly improve the methods of assessing cadres; select and promote cadres more democratically and legally; and resolutely correct the unhealthy practices in the cadre personnel work.

Leading cadres at various levels should strictly abide by the political and organizational discipline of the party. We should conscientiously persist in the principle of the party's democratic centralism; and resolutely ensure that individuals should be submitted to organizations, the



minority should be submitted to the majority, lower levels should be submitted to higher levels, and the whole party should be submitted to the party Central Committee. Particularly in the period of improving the economic environment and rectifying the economic order, we should be conscious to ideologically, politically, and organizationally act in high unison with the party Central Committee; and to safeguard the party's centralism and unification. We should strictly enforce the party's organizational discipline; resolutely overcome and oppose political and organizational liberalism and the bad practices of saying one thing and meaning another and of complying in public but opposing in private; and resolutely punish the activities in violation of party discipline and various unlawful and undisciplined activities.

Leading bodies at various levels should realistically strengthen unity and prevent "disunion." Members of leading bodies should be large-minded, equally treat the people from all corners of the country, but not divide "small groups." Cadres, no matter what nationalities they are and no matter what spheres of work they take up, should take the interests of the party and the people and the cause of seeking common wealth and common progress for the people of all nationalities as a key link; resolutely eliminate individualism and "small groups;" take the overall situation into consideration; respect, believe, and support each other; and be united and work together. We should persistently link collective leadership with division of labor with individual responsibility, and oppose the phenomena of arbitrarily making decisions and doing things one's own way.

To strengthen the construction of leading bodies, we should attend to the following few tasks. First, the regional organizational department should comprehensively assess, once a year, the leading bodies at or above the banner and county level. After that, the organizational department should arrange the problems in the order of importance and urgency, and adopt resolute measures to readjust, strengthen, and strengthen the unqualified leading bodies. In line with this spirit, league, city, banner, and county organizational departments should assess, readjust, and strengthen the leading bodies of the localities and the units under their jurisdiction. This work should closely be linked with the work of checking unqualified party members. Second, the regional party school should work out a plan to conduct, by stages and in groups, education on theories among principal party and government leading cadres at or above the banner and county level in the next three years. We should study the basic theories of Marxism-Leninism-Mao Zedong Thought with the focus on Marxist philosophy, Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the party's national theories, and the party's policy toward nationalities. Party schools in various leagues, cities, banners, and counties should also train cadres at or below the banner or county level in line with this spirit. Third, party committees at all levels should strengthen

the training of reserve cadres; positively select a group of young cadres who have good political integrity, good working ability, and a great prospect of training; and send them to grassroots units to temper themselves, or send them to other places for study. At the moment, quite a few banners and counties have tried this. Various departments should earnestly summarize and popularize the experiences of these banners and counties, and should gradually establish systems for this work in order to make a great progress in this regard. Fourth, we should carry out the cadre exchange system and the cadre evading system in a well-guided and planned manner. Organizational departments should formulate feasible programs for carrying out these systems in line with the real situation of the region, should carry out experiments for these systems beginning next year, and should strive to popularize them gradually. Fifth, we should strengthen the work related to old cadres. We should continue to show concern over old comrades in politics and livelihood, and pay attention to exploiting their important role in upholding and carrying forward the party's fine traditions.

D. We should intensify the building of party organizations at the grassroots level, and actually enhance the fighting force of these organizations.

At the moment, there are more than 60,000 grassroots party organizations in the region. Party leadership, the implementation of the party's line, principles, and policies, and the fulfillment of various major tasks of the region should be, in the final analysis, guaranteed by the fighting force of grassroots party organizations and by the vanguard and exemplary role of party members. Neglecting and weakening the role of grassroots party organizations means, in fact, abolishing party leadership. Party's leading organs at all levels, various banner and county party committees in particular, should concentrate their energies on strengthening the building of grassroots organizations in the course of improving themselves so as to build them into a powerful fighting fortress.

To strengthen the building of party organizations at the grassroots level, the most important thing is to build a good leading body of the grassroots level. Now, some grassroots party organizations are weak in fighting force, and some of them are even at a paralyzed or semi-paralyzed state. The major reason for this problem lies in the weakness and listlessness of their leading bodies. Therefore, we must adopt various measures to solve the problems of these bodies. First, we should train party branch secretaries in a planned manner in order to improve their ideological level and work ability. Second, we should readjust and strengthen the unqualified leading bodies of party branches. Third, we should send work groups to grassroots organizations to help them strengthen party work. Fourth, rural and pastoral areas should select and assign county and township cadres to serve as party branch secretaries in line with the practical condition, should establish responsibility system, and should combine the strengthening of party building with

the realization of the three fighting goals, with the work of extricating the people from poverty and making them prosperous, with the building of political power at the grassroots level, and with the training of cadres.

To strengthen the building of party organizations at the grassroots level, we must strengthen the education and management of party members. We should establish and perfect the target management system, the system of "three meetings and one class," the party member appraisal system, and the system of contact between party members and the masses. In particular, we should pay attention to the work of democratically appraising party members, strive to improve the quality and results of the democratic appraisal, and should never muddle through this work and lead it to a mere formality.

To strengthen the party's grassroots organizations, we should build a contingent of party members strictly in line with the criteria for party members as stipulated in the party Constitution. This is an important guarantee for maintaining the advanced nature and purity of the contingent of party members, and also an important task for improving the party's grassroots organizations. In recruiting party members, we should conscientiously implement the principle of "upholding criteria, ensuring quality, improving the structure, and recruiting in a prudent manner," and resolutely guard against and overcome the tendency of seeking quantity to the neglect of quality, and stressing professional competence and social prestige to the neglect of political quality. We should pay attention to recruiting party members from among the workers, peasants, herdsmen and intellectuals at the forefront of production and work, especially among industrial workers. In rural and pastoral areas, old-aged party members are a rather common scene, and we should pay attention to cultivating and recruiting young party members. Meanwhile, we should resolutely eliminate the corrupt elements within the party, and should never be softhearted toward them and leave a hidden danger. We should successfully carry out the work to deal with unqualified party members. We should resolutely expel those who have lost their faith in communism, whose revolutionary will has been waning, and who have pursued power only without performing their duties, and failed to play their role.

The party Central Committee and the autonomous region have made clear arrangements for party building, and the key is to carry them out successfully. Party committees at various levels should establish the responsibility system, clearly define the responsibility for every level, and have every level hold the responsibility for the work of the next lower level to make sure that all the tasks for party building are fulfilled to the letter. We should strictly enforce party discipline, strictly implement systems, sternly punish corrupt elements, and resolutely overcome the tendency of running the party in a way not strict enough. We are totally capable of building the party still better as long as we have a firm

determination, an active and earnest attitude and practical and feasible measures, and can carry them out persistently.

To comprehensively fulfill the various tasks set forth at this party congress, we should wholeheartedly rely on the working class, the masses of peasants and herdsmen, and intellectuals, mobilize all positive factors, and unite all forces that can be united. We should further strengthen leadership over such mass organizations as trade unions, the Communist Youth League and women's federations, and support them to carry out their work in an independent and responsible manner. We should further strengthen the united front work, conscientiously implement the principle of "long-term coexistence, mutual supervision, treating each other with all sincerity and sharing weal and woe," promote cooperation with various democratic parties, personages without party affiliation, Hong Kong, Macao and Taiwan compatriots, Overseas Chinese and patriotic personages from the religious circles, and give full play to their positive role in accomplishing modernization and the great cause of the reunification of the motherland. We should attach importance to the education on national defense, and enhance the sense of national defense of the entire society. We should continue the activities to support the Army, cherish the people, and giving preferential treatment to families of revolutionary martyrs and soldiers, and strengthen the Army-government and Army-civilian unity. Party committees and governments at various levels should actively show concern for and support the building of the People's Liberation Army, the armed police forces and the militia to make our armed forces not only a great wall of iron for protecting the frontier and the motherland but an important force for building the socialist material and spiritual civilizations.

Comrades! Under the leadership of the party Central Committee with Comrade Jiang Zemin as its nucleus, let us lead the Communist Party members and cadres of various nationalities throughout the region to adhere to the party's basic line in the initial stage of socialism, hold high the banner of "unity, construction, reform and opening up," maintain self-reliance, plain living and hard struggle, and strive to attain the three short-range fighting goals, comprehensively fulfill the various tasks set forth at the fifth party congress of the autonomous region, and build a united, prosperous and civilized Inner Mongolia.

### Inner Mongolia Holds Nationalities Conference

#### Bao Yushan Speaks

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[Text] The regional conference of directors of nationalities affairs commissions held a joint session at the auditorium of the regional government this afternoon to work out ways to implement the guidelines of the national conference of directors of nationalities affairs

commissions. Bu He, deputy secretary of the autonomous regional party committee and chairman of the autonomous regional government, and Bao Yushan, vice minister in charge of the State Nationalities Affairs Commission, delivered speeches at the session, calling for a success in the nationalities work, continuous efforts to strengthen unity among nationalities, and new contributions to building a socialist motherland with Chinese characteristics.

Wang Qun, Bu He, and Zhang Dinghua, leading persons of the autonomous regional party committee, attended the session, and Qian Fenyong, presided over it. Bu He delivered a speech entitled "Further Strengthen Nationalities Work and Make Contributions to Safeguarding Unity Among Nationalities, Reunification of the Motherland, and Stability of the Border Area." Bao Yushan, vice minister in charge of the State Nationalities Affairs Commission, also spoke at the session. Bao Yushan said: Ours is a socialist country with various nationalities. As an important part of our great motherland, the Inner Mongolia Autonomous Region played, is playing, and will play a decisive role in maintaining social stability, unity among nationalities, and development in the economy of our country as a whole. Over the past 40 years, especially over the past 10 years, the Inner Mongolia Autonomous Regional party committee and government have led the vast number of cadres and people of various nationalities to conscientiously implement the line, principles, and policies laid down since the third plenary session of the 11th party Central Committee, persistently take economic construction as the central task, adhere to the four cardinal principles, and persist in reform and opening up, thus making great progress in various undertakings. An excellent situation unprecedented in our history has emerged.

In conclusion, Bao Yushan put forward several requirements on our region's nationalities work: We should oppose split and infiltration with a clear-cut stand, and make contributions to resolutely safeguarding unity among nationalities and reunification of the country. We should enhance the Marxist concept of nationalities, intensify the (?education) on the party's nationalities policies and unity among nationalities, adhere to the principle of improvement, rectification and in-depth reform, and facilitate the economic development of the Inner Mongolia Autonomous Region. We should greatly improve the legal system for minority nationalities, and improve regional national autonomy. Cadres of various nationalities working in Inner Mongolia should respect, trust and learn from one another, and unite as one to push forward the economy of Inner Mongolia.

### **Bu He Speaks**

*SK2103120090 Hohhot Inner Mongolia Regional Service in Mandarin 1130 GMT 18 Mar 90*

[Text] In his speech to the regional conference of directors of nationalities affairs commissions this afternoon, Bu He, deputy secretary of the autonomous regional

party committee and chairman of the autonomous regional government, stressed the need to further strengthen nationalities work and make contributions to safeguarding unity among nationalities, reunification of the motherland, and stability of the border area.

On behalf of the autonomous party committee and government, Bu He put forward four opinions on our region's current nationalities work in his speech. First, we should correctly understand the situation in our region's nationalities work and take the endeavor to safeguard political stability as the most important task. Second, nationalities work should be focused on economic construction, which is the central task. Third, we should comprehensively enforce the Law on Regional National Autonomy and exert great efforts to train cadres of minority nationalities who have both political integrity and ability and who maintain close ties with the masses. Fourth, we should strengthen party leadership over nationalities work and give full play to the role of nationalities affairs commissions.

Bu He said: Over the past 40 years, especially since the third plenary session of the 11th party Central Committee, the party's nationalities policies have won a great victory in our region. Our region's current situation in nationalities work is good. Having experienced last year's turmoil, people of various nationalities came to understand more clearly that safeguarding the unity among nationalities and the reunification of the motherland has an extremely great significance in stabilizing the overall situation of Inner Mongolia and consolidating the region's stable and united political situation. The policies of unity, construction, reform, and opening up have become the voluntary action of the people of various nationalities, and nationalities work has drawn more and more attention from various quarters. In short, unity, progress and stability are [words indistinct] of our region's nationalities work. We are fully confident in making our nationalities work more successful and in developing the current excellent situation. The Inner Mongolia Autonomous Region is a region of minority nationalities located in the northern frontier of the motherland. Therefore, striving to make nationalities work successful and correctly understanding and properly handling the issues concerning nationalities have an exceptionally great significance in the stability of the overall situation of the autonomous region and the situation of the whole country. Our autonomous region currently has much work to undertake, but the overriding task is to stabilize the overall situation. All our work should be focused on the effort to maintain stability, which meets the greatest interests, and there is, of course, no exception with nationalities work. With regard to this issue, party committees and governments at various levels, and cadres of various nationalities, particularly comrades in charge of nationalities work, should have a very clear understanding of it and take the initiative in carry it out. Only in this way can our nationalities work [words indistinct]. In upholding unity among nationalities and safeguarding the reunification



of the motherland and stability of the border area, we should pay attention to handling a great amount of issues concerning nationalities. In particular, we should adopt correct policies and methods to prevent contradictions from becoming more acute, which will lead to social turmoil. We should take a clear-cut stand against the hostile forces at home and abroad that take advantage of the issues concerning nationalities and religion to carry out splittist and sabotage activities.

Bu He pointed out: Economic work is the focus of the work of the entire party and also the focus of nationalities work. China's issues concerning nationalities are currently reflected in larger part in the urgent demand of minority nationalities and minority areas for accelerating economic and cultural development. Only when the economy and culture is promoted can we realize the common prosperity and progress of various nationalities and lay a solid foundation for the unity among nationalities and political stability. This idea cannot be shaken under any circumstances. Therefore, our party committees and governments at various levels should be devoted to economic construction, overcome the current economic difficulties, and push forward our region's economy. At present, we should concentrate our efforts on tackling the various problems and contradictions in economic work. Based on the requirement for strengthening the ties between the party and the people as set forth in the decision of the CPC Central Committee, we should go down to the grass roots in groups to conscientiously help solve the current difficulties and problems in the economy, and help poor households, particularly poor households of minority nationalities, solve their problems in production and everyday life, so that they can eliminate poverty as quickly as possible and gradually achieve affluence. In our region's economic development, we should also properly handle two issues concerning our understanding. First, we should correctly understand the relationship between the part and the whole. We should make everyone understand that the part and the minor principles should be subordinated, respectively, to the whole and the major principles. The former should not transgress the latter. Still less should the relationship between the two be reversed. Meanwhile, we should also correctly understand the relationship between state assistance and self-reliance. To develop our autonomous region and make the various nationalities prosper, we need state support and help, and the cooperation and assistance of advanced areas.

However, what we need more is self-reliance and hard struggle to pioneer a cause. Particularly at present, when the state encounters temporary difficulties, it is all the more necessary for us to stress this and to encourage the people at higher and lower levels throughout the region to work hard in unison. While attaching importance to economic construction, we should also conscientiously attend to the development of educational, scientific and technological, and cultural undertakings to raise the scientific and cultural levels of the people of various nationalities of our region, particularly the masses of minority nationalities.

Speaking on comprehensive enforcement of the Law on Regional National Autonomy and training with great efforts of cadres of minority nationalities who have both political integrity and ability and who maintain close ties with the masses, Bu He said: In enforcing the Law on Regional National Autonomy, first of all, leading persons at various levels should attach importance to it, take the lead in studying and thoroughly understanding it, truly conform their thinking to the guidelines of the law, and set an example in abiding by and enforcing it. The law should be taken as the basis when handling the relationship between nationalities and regional autonomy, and when coordinating the relationship between the areas exercising regional national autonomy and other areas, and between the various nationalities of the areas exercising regional national autonomy. Ours is an autonomous region of minority nationalities. When enforcing the Law on Regional National Autonomy, we should particularly handle well the relationship between rights and obligations. We should often inspect how the Law on Regional National Autonomy and the party's nationalities policies are implemented, pay attention to the problems in the production and everyday life of the national autonomous banners, township of minority nationalities, and people of minority nationalities in our region, and exert earnest efforts to help them solve the problems. When enforcing the Law on Regional National Autonomy, we should take the overall situation into account. Not only should we safeguard the legal rights and interests of minority areas and people of minority nationalities, and fully and successfully exercise the right of autonomy, but we should also act according to law to ensure that the Constitution of the state, the policies of the party, and the rules and regulations of the State Council are implemented in the autonomous region. We should continue doing a good job in (revising) the draft regulations on the autonomy of the Inner Mongolia Autonomous Region and, with the guidance and assistance of the central authorities, adopt an active but prudent attitude to gradually improve the regulations.

Bu He pointed out: Exerting great efforts to train and use cadres of minority nationalities is the key to our enforcement of the Law on Regional National Autonomy. We are currently faced with a major issue of further improving the political quality of the contingent of cadres of minority nationalities and attaching importance to training a great number of cadres of minority nationalities who have communist awareness, ardently love the socialist motherland, maintain close ties with the masses, and are professionally competent. We should intensify the education of cadres of minority nationalities on the basic Marxist theory so that they will embrace the Marxist concept on nationalities and adopt a correct stand, viewpoints, and methods to analyze and resolve the various issues concerning nationalities. In selecting and using cadres, we should continue to comprehensively adhere to the principle of using cadres with both political integrity and ability, and the four requirements on cadres. In particular, we should always put the

requirement for being revolutionary in the first place. We should regard the efforts to safeguard the reunification of the motherland and the unity among nationalities as the most important criterion in the requirement for being revolutionary. We should make sure that the autonomous regional party and government's power of leadership at various levels is firmly grasped by the people faithful to Marxist theory. All the cadres working in Inner Mongolia, be they local or from other areas, and be they of minority nationalities or of the Chinese nationality, shoulder the noble responsibility for uniting the people of various nationalities throughout the region to work together to develop Inner Mongolia. Cadres at various levels should respect, trust, and learn from one another, work in cooperation, live up to the expectations of the party and the people, and actively contribute their efforts to consolidate and develop our region's cause of unity and progress of nationalities, and make the northern frontier of the motherland prosperous and stable.

In conclusion, Bu He emphasized: To make nationalities work successful, we should further strengthen the party's leadership over nationalities work. Local party committees at various levels and party organizations of the departments in charge of nationalities work should always maintain correct political principles and political orientation when carrying out nationalities work, pay attention to the study of the issues concerning nationalities, strive to do in-depth and meticulous ideological and political work, and make the party's basic line embodied in the entire practice of nationalities work.

#### **Shanxi Donates One Million Yuan to Asiad**

OW1603105090 Beijing XINHUA in English  
0847 GMT 16 Mar 90

[Text] Tianyuan, north China, March 16 (XINHUA)—Two enterprises and a region in north China's Shanxi Province have donated 1.17 million yuan to the Beijing Asian games.

The Yangquan coal mine bureau and the central Shanxi region have donated 632,010 yuans and 510,000 yuans respectively.

A railway construction bureau in the province has provided 35,000 yuans to the fund-raising department of the Beijing Asiad Organizing Committee.

The 11th Asian Games, first of its kind to be hosted by China, will be held in Beijing from September 22 to October 7.

#### **Tianjin's Tan Shaowen Speaks on Double-Increase**

SK1103092090 Tianjin TIANJIN RIBAO in Chinese  
21 Feb 90 pp 1,3

[Excerpts] On 20 February at the municipal gymnasium, the municipal party committee and the municipal government cosponsored a mobilization meeting on increasing production, practicing economy, increasing

revenues, and reducing expenditures. Tan Shaowen, secretary of the municipal party committee, chaired and addressed the meeting. Nie Bichu, deputy secretary of the municipal party committee and mayor of the municipality, delivered a mobilization report. Present at the meeting were some leading municipal comrades, including Liu Jinfeng, Zhang Lichang, Wu Zhen, Yang Huijie, and Lan Baojing. [passage omitted]

Tan Shaowen, secretary of the municipal party committee, pointed out in his speech: This is a meeting to mobilize the people to deepen the campaign of increasing production, practicing economy, increasing revenues, and reducing expenditures; and to comprehensively fulfill this year's economic plan and work tasks. This is an important meeting to deeply implement the guidelines of the fifth plenary session of the 13th party Central Committee and the fifth plenary session of the fifth municipal party committee.

Tan Shaowen urged: First, party and government organizations at various levels should regard the launching of the campaign as an important matter and firmly attend to it. Increasing production, practicing economy, increasing revenues, and reducing expenditures are not only economic matters, but are also important matters to judge whether or not we can inherit and carry forward the fine traditions of the party and cultivate the fine social practices of arduous struggle and building the country through thrift. This is an important matter that relates to the whole party. So, not only administrative and economic departments should go all out to attend to it, but also party organizations of all trades and professions should put the work in an important position. Their principal leaders should personally assume responsibility and consciously attend to the work. All departments of the party should closely cooperate with each other to achieve the work. We should conduct propaganda and educational efforts, and strengthen ideological and political works in launching the campaign of increasing production, practicing economy, increasing revenues, and reducing expenditures. Trade unions, Communist Youth League [CYL] organizations, and women's federations should focus their work on the campaign, should select their angles, and should positively suggest ways and exert themselves.

Second, the broad masses of Communist Party members should play an exemplary vanguard role. The party member contingent of our municipality is good. At any crucial moment, the broad masses of party members are able to respond to the call of the party, play an exemplary role, and enjoy the trust of the people. In this campaign, the broad masses of Communist Party members and CYL members should maintain this fine tradition, consciously stand in the front line of the campaign, take the lead in sharing worries with the state and tiding over difficulties for the enterprises, find where they lag behind, set forth measures, make efforts to fulfill the double-increase and double-reduction campaigns, and set an example for the masses. We should regard party

members' behavior in the campaign as an important subject for the year-end assessment.

Third, cadres at various levels should improve work style and go deep to the grass roots. According to the arrangements of the municipal party committee and the municipal government, cadres of party and government organs have gone deep to the grass roots in groups to solicit opinions and help improve work. With the focus on the campaign of increasing production, practicing economy, increasing revenues, and reducing expenditures, the cadres to be transferred to the grass roots should help develop production, help enterprises and the people solve their practical problems, and further narrow the relationship between the party and the masses, and between the cadres and the masses.

Fourth, we should rapidly and conscientiously implement the guidelines of this meeting. Comrade Nie Bichu clearly explained the tasks, measures, and methods of the campaign. So, we have to concentrate efforts on implementing the guidelines of the meeting. After the meeting, all departments and units should organize leading bodies to conscientiously make discussions, formulate programs for implementation, proceed from their realities to rapidly relay the guidelines of the meeting among the grass roots, go all out to mobilize the masses, and start a new upsurge of the double-increase and double-reduction campaigns, with the focus on opposing waste, finding shortcomings, tapping potential, and increasing economic results. We must define goals and adopt effective measures to carry out the work in a down-to-earth manner. We should assign targets to the grass-roots units at various levels, sections and offices, teams and groups, and individuals. We should regularly conduct inspections, strengthen guidance, pay attention to summing up and popularizing experiences, and promote the work in all spheres.

Tan Shaowen said: We must clearly understand the situation and strengthen the sense of urgency and the sense of responsibility to launch the campaign of increasing production, practicing economy, increasing revenues, and reducing expenditures. Let us be inspired with enthusiasm, be united, go into action, and make efforts to fulfill the municipality's economic plan and all work tasks and to promote a steady and harmonious development of the economy.

Nie Bichu, deputy secretary of the municipal party committee and mayor of the municipality, delivered a report entitled "Oppose Waste, Find Where We Lag Behind, Tap Potential, Increase Economic Results, and Rapidly Set Off a New Upsurge in the Campaign of Increasing Production, Practicing Economy, Increasing Revenues, and Reducing Expenditures." Based on large-scale investigations and study, and in line with the viewpoint and method that one divides into two, the report sums up and analyzes the economic situation of the municipality, fully affirms the achievements, and emphatically points out some deep-layered contradictions and problems. The report includes four parts. 1)

Clearly understand the situation and enhance the sense of urgency and the sense of responsibility to conduct the campaign of increasing production, practicing economy, increasing revenues, and reducing expenditures. 2) Oppose waste, tap potential, and try every possible means to increase economic results. 3) Mobilize the broad masses of the people to positively join the campaign. 4) Be inspired with enthusiasm, improve work style, and have a high-degree sense of responsibility to guide the campaign. [passage omitted]

Present at the meeting were more than 5,000 people, including responsible persons of the municipal party committee, the municipal government, the municipal Advisory Commission, the municipal People's Congress, the municipal committee of Chinese People's Political Consultative Conference, various departments, committees, general offices, bureaus, districts, counties, the municipal trade union council, the municipal CYL committee, the municipal women's federation, enterprises, and establishments.

## Northeast Region

### Heilongjiang Official on Forest Resource Crisis

SK2202020590 Harbin Heilongjiang Provincial Service  
in Mandarin 1000 GMT 12 Feb 90

[Text] The provincial forest industrial work conference convened by the provincial party committee and the provincial government opened in Harbin on 12 February. Among the provincial leaders present at the opening ceremony of today's conference were Shao Qihui, Wang Luming, Chen Yunlin, Ma Guoliang, Zhang Ruoxian, Dai Moan, and Wang Fei. (Cai Yansong), vice minister of forestry, also made a special trip to the province to attend this conference.

At the opening ceremony, on behalf of the provincial party committee and the provincial government, Vice Governor Dai Moan made a speech entitled "Face up to Difficulties, Fortify Confidence, and Struggle to Overcome Crisis and Invigorate Forestry."

In his speech, Dai Moan made an analysis of the crisis of the province's forest industrial resources and the difficulty in the province's forest economy. He pointed out: For a long time in the past, because of the excessive felling of forest resources in the province's state-owned forest zones, the reserves of forest resources have declined sharply and the quality has dropped remarkably. At present, the recoverable resources of forest industrial enterprises in the province can be available for only six and a half years; and 13 of the 40 forest administrative bureaus in the province have basically had their recoverable resources used up. Over the past few years, because of the sharp decrease in forest resources and the weakened function in maintaining the ecological balance, the soil nutrients lost every year throughout the province have been equal to the chemical



fertilizer produced by five Daqing chemical fertilizer plants. This has decreased the province's grain output by 2 billion kg.

At the moment, the recoverable resources of the province's forest industrial enterprises have reached the worst situation, and the economy of these enterprises has become hard to maintain. If we let such a situation continue, it will bring about serious economic and social problems which are difficult to solve.

Dai Moan said: Through repeated studies and discussions, the provincial party committee and the provincial government have defined the general goal of forest industrial enterprises in overcoming crisis and invigorating forestry as: fighting bravely for 20 years to invigorate Heilongjiang's forest industry. The drive to overcome the crisis and invigorate forestry will be carried out in three stages. The first stage is from 1990 to 1995. During these five years, the province will emphatically assign timber production quotas to all forest units, realize the goal of fixing reasonable quotas for timber production, reform the forest management methods, build fast-growing and high-yield forests, further readjust the product mix, develop nonforestry and non-timber trades, improve management and efficiency to enable forest industrial enterprises to tide over difficulties, and lay a good foundation for overcoming crisis and invigorating forestry.

#### Jilin Vice Governor Views Plans For Agriculture

HK1602041390 Beijing RENMIN RIBAO in Chinese  
2 Feb 90 p 2

[Newsletter by staff reporter Li Anda (2621 1344 6671): "Jilin's '531 Project'—Jilin's Vice Governor Hui Liangyu on Plan for Agricultural Development"]

[Text] Because of his busy schedule, Vice Governor Hui Liangyu postponed several interviews I intended to conduct with him. This time, at the provincial meeting on work in rural areas, I "grabbed" him eventually. I asked questions and he answered, so the interview began.

Reporter: You are very busy these days. What sort of work keeps you so busy?

Hui: "The whole year's work depends on a good start in spring." In this first spring of the 1990's, to me, the person who is assigned the work in rural management by the provincial government, I feel particularly the weight of duty and the strength of pressure. In recent days, other than busily organizing and arranging this year's agricultural production, I have spent even more time with the departments concerned in the province in studying and discussing a new and magnificent project of agricultural development in Jilin Province—the "531 Project," and the plan for its implementation.

Reporter: I have also heard about this "531 Project." May I ask you to say a few things concerning the concrete contents of it? What are the goals and basic starting points of the project?

Hui: The "531 Project," which has been formulated by our province, is proposed in accordance with the overall planning of agricultural development in Jilin Province; it is a phase-by-phase comprehensive agricultural development project aimed first at increasing grain output, and overall development of agriculture, forestry, animal husbandry, sideline production, and fishery. The concrete contents are: Starting from this year and ending at the turn of this century, we hope to properly build five major agricultural development projects in the province; among them are the intensive agricultural development project in the Song-Liao Plain, the water conservancy development project in Yaoerhe irrigated zone, the comprehensive development project in the arid areas in the western part of the province, the development project of paddy rice in the districts of Fuyu County and Qian Gorlos Mongol Autonomous County, and the three-dimensional development project in Changbai Shan region. Through proper construction of these five projects, we will develop and improve 30 million mu of farmland with medium or low yield, and enable total grain output in the province to reach a new stage of 20 billion kg by 2000, an increase of five billion kg compared with the current phase. This project has been carefully studied by the provincial party committee and government, and discussed and inspected repeatedly by the departments concerned and experts, and is considered practical and feasible. The implementation plan has now been formulated and submitted to the state's departments concerned, securing affirmation and support.

Jilin Province is one of our country's important bases producing commodity grain. Since 1984, Jilin Province has ranked first in the whole country for five consecutive years in per capita acquisition of grain, commodity rate, quantity shipped out of a province, and export volume as well. To work hard to develop grain production and upgrade grain commodity rate is the strong point of Jilin Province, as well as the contribution we should make to the country.

However, we have also perceived that since 1985 grain production in our province has experienced big fluctuations. The crux lies in the impacts of disasters such as serious droughts, floods, and waterlogging. Meanwhile, among the 60 million mu of farmland in the whole province, more than 30 million mu are waterlogging-susceptible, saline-alkali, windy-sandy, and barren farmland. All these illustrate that on the one hand the current comprehensive ability for production in our province is maladjusted to a steady development of grain production, and on the other hand our province still has great potential in increasing grain output. The "531 Project" is to further develop the strong points of grain production in Jilin Province.

Reporter: It seems that this project will have great impacts on Jilin's agricultural development. What are the concrete measures for implementation?

Hui: The principle of implementing the "531 Project" is: Overall arrangement, different developments in different districts, reliance on science and technology, and dividing items into different categories for contracting; and centralized planning, dividing categories for implementation, considering local conditions, and special emphasis for each project. First, we must rely on science and technology. The provincial party committee and government will soon make a decision on invigorating agriculture through science and technology. In addition, we will adopt a preferential policy on agricultural development.

Reporter: How can you carry on agricultural production while carrying out the "531 Project?"

Hui: This year is a critical year in which we begin the "531 Project." Regarding work arrangement, we must pay attention to this year's production, and also to long-term development. Regarding construction items, we must carry out long-term items, and also the "short-convenient-quick" items which will bring returns soon.

We have made an analysis of the causes of fluctuations in grain production in Jilin Province in the last five years, and found that the main reason is "water." In 1985 and 1986, floods and waterlogging reduced grain output, while in 1989 it was widespread drought plus floods in some areas that reduced grain output. Therefore, it is extremely urgent now for us to strengthen construction of irrigation and water conservancy.

Our province has decided that this year is the "year of water conservancy," in which rural economy will be developed. Through this year's large-scale construction of irrigation and water conservancy, not only can we greatly improve our province's ability to resist flood, waterlogging, and drought, but the "531 Project" also has a good start in the first year.

#### **Jilin Animal Husbandry Achievements Reported**

SK1602044990 Changchun JILIN RIBAO in Chinese  
23 Dec 89 p 1

[Summary] According to the most recent statistics compiled by the animal husbandry department, the province's total volume of hogs scored in raising hogs this year has reached 8.54 million head and its volume scored in slaughtered hogs in the year has reached 3.829 million head, an 8.3 percent increase over 1988. Its volume scored in raising sheep and goat has reached 2.683 million head, an 18.5 percent increase over 1988; that scored in raising cattle has reached 1.959 million head, a 5.2 percent increase over 1988; that scored in raising milk cows has reached 49,000 head, an 11.4 percent increase over 1988; and that scored in raising poultry has reached more than 100 million, a 7.5 percent increase over 1988; that scored in meat production has reached

444,000 tons, an 8.3 percent increase over 1988; that scored in poultry and egg production has reached 221,000 tons, a 7.8 percent increase over 1988; that scored in milk production has reached 114,000 tons, a 20 percent increase over 1988; and that scored in sheep wool production has reached 7,521 tons, a 14.7 percent increase over 1988. The province's total animal husbandry output value in the year has reached 1.5 billion yuan, a 6.38 percent increase over 1988. The proportion of animal husbandry output value in the province's agricultural output value has increased from 15.2 percent in 1988 to 16.7 percent in 1989.

#### **Liaoning Economic Achievements Reported**

SK2201015890 Shenyang Liaoning Provincial Service  
in Mandarin 2300 GMT 6 Jan 90

[Tei] On the afternoon of 6 January, Cui Yukun, spokesman of the provincial People's Government, delivered a report at the province's press briefing on the achievements scored in economic construction in 1989, in which he disclosed a brief introduction on the major achievements.

In his report, Cui Yukun stated: In 1989, the provincial party committee and the provincial People's Government scored preliminary results in improving the economic environment and rectifying economic order thanks to adopting a series of measures to actively implement the guideline of improving the environment, rectifying order, and deepening the reform drive; and to mobilize the people throughout the province to continuously overcome various difficulties caused by the shortage of energy resources and funds, the strained situation in transportation, the weakening of markets, the serious disasters, and from the disturbance and riot. They made the economy achieve relatively stable development. Generally speaking, the economic situation was fine.

1. The province obviously improved the structure of investments in line with the demand of curtailing on a large scale the scope of investments in fixed assets and scored a larger increase in the scale of investments in agriculture. The province's agricultural input directly taken out from the provincial financial revenues reached 405 million yuan, a 35.8 percent increase over 1988. The province's investments in the basic industries of energy resources and communications and in infrastructures continued to score an increase. Of these investments, those in power production was more than 1.1 billion yuan and those in communications and transportation was 487 million yuan. The production capability in raw coal, power, and transportation scored a new increase again. The Hongyang No. 4 coal pit under the Shenyang Mining Administration Bureau was completely built through working hard and put into production on 12 December 1989, whose annual output is 750,000 tons. The coal pit has filled the gap in anthracite among the northeastern collieries whose products are distributed

under the state unified plan. The province opened 239-km of road section on the Shen-Da express highway to traffic. The Taoxian airport was put into operation on 16 May 1989. The Dadong harbor of Dandong city and the Jinzhou harbor were also opened to the outside world. The province's investments in telecommunications facilities reached 283 million yuan. The province installed 60,000 new telephone lines for urban areas and equipped 43,000 households with telephone sets. It also installed 1,300 new long-distance telephone lines. At present, eight cities and 68,000 households throughout the province can have a direct domestic or international call. Shenyang city has recently set up mobile communication equipment [YI DONG TONG XUN].

2. In spite of the serious drought and except for the larger scale decrease in grain production, agriculture and other rural undertakings have somewhat achieved development thanks to the active efforts made by the broad masses of peasants and the vigorous support given by various industries and trades across the province. The production of meat, eggs, vegetables, milk, and fish has shown an increase to varying degrees. The agricultural output value has shown a decrease slightly because of the decreased output of grains. However, town-run enterprises have achieved stable development in the course of improving the economic environment and their annual output value is expected to reach 26.2 billion yuan, a 15.3 percent increase over 1988. At present, cadres and the masses in rural areas are high-spirited and vigorous and have whipped up a rare upsurge in farmland capital construction and preparations for spring farming.

3. In spite of the rather strained situation in the external environment of enterprises, industrial production achieved adequate growth and enterprises made a new step in readjusting their product structure. The total industrial output value of enterprises at or above the township level may reach 90.514 billion yuan, a 4.1 percent increase over 1988. Among industrial products, the raw coal output reached 48.88 million tons thanks to a series of measures formulated in line with the special policy by the provincial party committee and the provincial People's Government at the beginning of 1989, showing a 7.8 percent increase over 1988. The crude oil output reached 13.45 million tons, a 6.1 percent increase over 1988. The steel products output reached 9.37 million tons, a 3.7 percent increase over 1988. The output of 10-category nonferrous metal reached 342,000 tons, a 1.4 percent increase over 1988. The soda ash output also showed a slight increase. The output of means of agricultural production and of 15-category necessities for daily life showed a faster increase. While ensuring a stable increase in major products, efforts were made to actively increase the variety of new products. The number of new products developed in 1989 reached 4,750, among which 3,800 were put into production, 369 reached the world standard, and 604 reached the domestic advanced standard. The output value of new products reached 7.6 billion yuan and the volume of taxes and profits earned from the new products reached 1.3 billion yuan.

4. The province made a new step in opening it to the outside world and continued to maintain the higher trend in foreign trade. The province's foreign exchange earned through exports reached \$4,444 million, a 14 percent increase over 1988. It introduced 441 items with foreign funds, which are worth \$1.04 billion. Foreign businessmen and firms directly invested \$650 million in 270 items, respectively showing a 13 percent increase and more than a 34 percent increase over 1988. The province's technological and labor force exports also achieved greater development. The number of technological exports in 1989 reached 74 which are worth \$70.54 million, a four-fold increase over 1988. The number of new contracts signed with foreign countries on construction projects reached 119 which are worth \$124 million, respectively showing a 2.38-fold increase and a 4.08-fold increase over 1988. The number of labor forces exported to foreign countries reached 10,910, more than a 3.19-fold increase over 1988.

In addition, the number of tourists from foreign countries, Hong Kong, Macao, and Taiwan reached 76,000 and the province's incomes earned from the tourism reached \$540 million.

5. The province's circulation order began to have a turn for the better and its trend of price hikes was gradually relieved. Markets in both urban and rural areas became relatively stable. Beginning in the second quarter in 1989, the index of social retail prices gradually declined, in April it was 25.9 percent, and in November it was 9.1 percent. The annual index of retail prices showed a slight decrease over 1988. Market supplies in both urban and rural areas were relatively sufficient; the people's state of mind was stable; grain supplies were sufficient; and the supply volume of meat, eggs, and vegetables increased. Of this increase, pork was up 6.9 percent, fresh eggs were up 16.2 percent, and fresh vegetables were up 10 percent. The supply of other necessities for daily life was also ensured. The broad masses of consumers obviously became free in selecting their commodities. This has played an active role in promoting the readjustment of product structure and the upgrading of product quality.

(Li Zhendong), vice chairman of the provincial economic and planning commission, also attended the press briefing.

#### Liaoning Capital Utilizes More Foreign Capital

OW2003060490 Beijing XINHUA in English  
1615 GMT 19 Mar 90

[Text] Shenyang, March 19 (XINHUA)—Shenyang, the capital of northeastern China's Liaoning Province, signed contracts for 135 foreign investment projects last year, according to Chen Hongsheng, vice director of the city's Foreign Economic Relations and Trade Committee.

Chen said 68 million of the 160 million U.S. dollars in investment called for in the contracts has already been paid in. The total investment is a 34 percent increase



over the previous year, and the amount already paid in is a 28.2 percent increase, Chen said.

The city, one of China's major heavy industrial bases and one of the first cities to undergo urban reform, has also made progress in adjusting the mix of foreign-funded enterprises.

More than 90 percent of the value of contracts signed last year were for manufacturing enterprises. About 10 percent of the total contracted value was for high-tech enterprises, and 50 percent was for electronics and computer projects.

### Liaoning Holds Rural Work Conference

#### Opens 18 Feb

SK2202050490 Shenyang Liaoning Provincial Service  
in Mandarin 2300 GMT 18 Feb 90

[Text] The provincial rural work conference held by the provincial party committee and the provincial government opened in Shenyang on 18 February. This conference is devoted to implementing the guidelines of the Fifth Plenary Session of the 13th CPC Central Committee and the national experience exchange meeting on comprehensive agricultural development; to discussing the plan for provincial agricultural development during the Eighth Five-Year Plan period; to making arrangements for rural work in 1990; and to mobilizing all people in the province to concentratively attend to agriculture with a view to setting off an upsurge of emphasizing, supporting, and developing agriculture and striving for a bumper harvest in agriculture.

The conference maintained: The current situation in the province's rural areas is generally good. Although our province met with the worst drought in 80 years last year, the damages caused by disasters were minimized thanks to the arduous endeavor of the vast number of cadres and the masses in rural areas and by the positive support of various professions and trades. The total grain output still reached about 10 billion kg, higher than the level in 1985. The total output of oil-bearing crops reached 810,000 tons, 240,000 tons more than the 1985 figure. Relatively great increases were made in output of aquatic products, vegetables, and fruits. There was an ample supply of foodstuffs. Urban and rural markets were stable.

Peasants' income amounted to 740 yuan per capita, 254 yuan more than the 1985 figure. The overwhelming majority of peasants secured a life with enough food and clothing. Peasants in some relatively prosperous areas began moving from having adequate food and clothing to being fairly well-off.

However, our province is still confronted with many problems in agriculture. Major indicators are: Grain output has been at a standstill for many years, output of cotton and oil-bearing crops has declined, contradictions in supply of agricultural products still exist, agricultural

foundation and infrastructure remain weak, the comprehensive production capacity has dropped, and the momentum for further agricultural development is inadequate. Therefore, during the period of the Eighth Five-Year Plan, the province must attach great importance to agricultural development. At the same time, the entire society should emphasize agriculture and should depend on policies, science, technology, and increased input to effect a new breakthrough in agricultural production, particularly grain production.

Chen Suzhi, member of the Standing Committee of the provincial party committee and provincial vice governor, presided over the conference held on 18 February. Vice Governor Xiao Zuofu relayed the guidelines of the national experience exchange meeting on comprehensive agricultural development. The Shenyang, Tieling, and Panjin City People's Governments introduced their experiences in developing agriculture.

Present at the conference held on 18 February were leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference, including Dai Suli, Xu Shaofu, Sun Qi, Yu Xiling, Gao Zi, Feng Yousong, Li Jun, Lin Sheng, Wang Wenyuan, Zhao Qi, and Yue Weichun. Also attending the conference were mayors of various cities, secretaries of party committees in various counties and suburban districts, heads of various counties and districts, chairmen of planning and agricultural commissions in various cities, and responsible comrades of pertinent departments directly under the provincial party committee and the provincial government.

#### Ends 21 Feb

SK2402012990 Shenyang Liaoning Provincial Service  
in Mandarin 1030 GMT 21 Feb 90

[Excerpts] The provincial rural work conference, held by the provincial party committee and the provincial government, ended in Shenyang on 21 February. Chen Suzhi, Standing Committee member of the provincial party committee and vice governor of the province, presided over the conference. Sun Qi, deputy secretary of the provincial party committee, made a summing-up report entitled "Strengthen Leadership, Deepen Reform, and Mobilize the Strength in All Fields To Make a New Breakthrough in the Province's Agriculture."

He pointed out: Major indicators of the good situation in the province's agriculture are: 1) party leadership over rural areas and the political superiority of socialism have been maintained, 2) the per-capita income of peasants has increased by 170 percent during the past 11 years; and peasants have supported the line, principles, and policies of the party and followed the socialist road, and 3) the decade of reform, development, and construction has greatly enhanced the strength of the rural economy of the province.

Deputy Secretary Sun Qi called on leaders at all levels to fully understand the problems and difficulties in agriculture, thoroughly change the tendency of going back on one's word, and deeply understand the specially great importance of Liaoning's agriculture from the high plane of stabilizing the overall situation and taking into account the safety of the country and from the special position of Liaoning's agriculture. He also called on leaders at all levels to firmly embrace the idea of regarding agriculture as the foundation of all undertakings. In this regard, leaders should not only have resolute determination but also concrete actions. All departments at all levels, comprehensive economic departments in particular, should orient their work to the orbit of regarding agriculture as the foundation of all undertakings. By so doing, it will not be difficult for them to implement the policies of laying emphasis on agriculture, in relations to people, materials, and financial resources.

With regard to the future tasks for the rural work, Sun Qi stressed: To ensure stability in the basic policies towards rural areas, the most important condition is to maintain the stability in the basic policies concerning the rural economy. To achieve success in the next step of the rural reform, we should persist in stabilizing and perfecting the household-based output-related contract responsibility system, strengthen the dual-level managerial system, and popularize intensive farming on an appropriate scale at those places where possible in line with the principle of voluntary participation. We should attend to the readjustment of the rural industrial setup in line with the demands of improving the economic environment and rectifying the economic order. In the course of giving prominence to grasping grain production, we should positively develop diversified undertakings as well as town and township enterprises. [passage omitted]

Present at today's conference were leaders of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, and the provincial Committee of the Chinese People's Political Consultative Conference, including Dai Suli, Wang Guangzhong, Li Changchun, Feng Yousong, Li Jun, Xiao Zuofu, Zhao Qi, and Yue Weichun. [passage omitted]

#### **Shenyang Military Commander Liu Jingsong on Ties**

SK1703070590 Shenyang LIAONING RIBAO  
in Chinese 21 Jan 90 pp 1,4

[Article by Liu Jingsong, commander of the Shenyang Military Region, titled "Uphold the PLA's Purpose To Consolidate and Develop New-Style Relations Between the Army and the Government As Well As Between the Army and the People"]

[Text] In reviewing the work done in the past while joyfully entering the first spring of the 1990's, we have found that the entire party, all armed forces, and the people of various nationalities throughout the country

have not only scored gratifying achievements in building the four modernizations for the motherland under the guidance of the party's line, principles, and policies which have been formulated since the Third Plenary Session of the 11th CPC Central Committee and by exerting themselves to work hard, but also accumulated rich experiences in their work. As has other provinces in the country, Liaoning also scored quite gratifying achievements in both industry and agriculture and in developing various undertakings. The broad masses of commanders and fighters among the PLA units under the Shenyang Military Region and stationed in Liaoning Province, who are the PRC's defenders and the province's citizens in military uniform, have felt very happy about this. Meanwhile, they have profoundly experienced that the prosperous and powerful state of our country and the flourishing of Liaoning have greatly benefited them. Over the past several years, party committees and governments at all levels and the people throughout the province have constantly regarded the officers and soliders of the stationed PLA units as their sons or brothers. They have shown enthusiastic concern for the units in politics and vigorously assisted the units in the supply of funds and materials. These stationed units have always been supported by the people throughout Liaoning in the fields of carrying out battle and war preparation, implementing special tasks, building camp facilities, and of training talented personnel. All of this has provided a good social environment for the construction of the PLA units. In reviewing their achievements in reform and construction, the broad masses of commanders and fighters have always thanked in their hearts the leading personnel at all levels and the people throughout Liaoning for their concern and support to the army made up of the sons of the people. In looking forward to the future while embarking on the new road of the 1990's, all officers and soliders of the PLA units stationed in Liaoning have pledged that guided by the spirit of the Fifth Plenary Session of the 13th CPC Central Committee, they will unswervingly uphold the PLA's purpose, enhance the unity between the Army and the government as well as between the Army and the people, and work together with the people throughout Liaoning to make Liaoning flourish and serve the country as a whole. Therefore, the commanders and fighters of the PLA units stationed in Liaoning must conscientiously fulfill the following tasks:

First, they should be always loyal to the people. Closely standing together with the Chinese people and serving the people wholeheartedly represent the sole purpose of our armed forces, which requires the soldiers to at all times resolutely regard the people's interest as the highest. Of course, in upholding the purpose, the demand set for the army men will be different during different periods and under different conditions. During the years of liberation wars, the armed forces concentrated on fighting north and south on many fronts to emancipate the masses throughout the country, who had suffered a bitter life, and to build China into a new country. During the current new historical period, they

should mainly engage in fulfilling the double tasks of successfully safeguarding the motherland and building it up. In facing the current situation both at home and abroad, and particularly in bearing in mind the disturbance and the counterrevolutionary riot at the turn of spring and summer in 1989, all officers and soldiers have more soberly discerned that in upholding the purpose of our armed forces under the new historical condition, first of all they should observe the warning given by Comrade Deng Xiaoping, an elderly proletarian revolutionary, with regard to being loyal to the party, the motherland, socialism, and the people; as well as being always qualified in political approach and earnestly perform the duties imposed on them by the party and the people. This is the ardent hope of the entire party, the people throughout the country, and also of the people throughout Liaoning, who are closely associated with the stationed PLA units. They have pledged to engrave the hope on their minds and contended that only by vigorously fostering the spirit of serving the people wholeheartedly will they not waver in the least in any difficult circumstance and hardship and at any moment of life and death and can they always be the PRC's faithful guards.

Second, they should always learn from the people. According to the historical materialism, the vast number of people are the creators of history. The material and spiritual wealth accumulated by the people constitutes the conditions which can be depended on by the People's Armed Forces in sustaining themselves and achieving development. Practice over the past several decades has shown that the people's backing helps winning a battle during wartime. Under the condition in which the socialist commodity economy is achieving development, local governments and the masses are still the backup forces of safeguarding the smooth progress in the armed forces' program of conducting reform and construction. Such a theory does not mean that we only have our eyes on material supplies. What is more important is that we have had theory imbued with political factors. The people cherish their own armed forces which will certainly cherish the people. Such a close relationship like water and fish represents an invisible and tremendous power. To strengthen this relationship, the broad masses of commanders and fighters should learn from society and the people, learn about the people's desires, and share a common fate with the people so as to enable themselves to consciously fight for the people's interests. The PLA units stationed in Liaoning, which is one of the country's heavy industrial bases and which has a large number of industrial workers who have always qualified to be representatives of the proletarian advance, should always regard the province and its industrial workers as an example worth studying. Meanwhile, the broad masses of peasants throughout Liaoning and the advanced personages on various fronts are also the best examples for them to study. Learning from their outstanding character will greatly benefit armed forces self-improvement. To learn from the masses, officers at all levels should take the lead in the movement and take the

lead in respecting and supporting the correct leadership of local party committees and governments and in actively supporting the work of local party committees and governments. In learning from the masses, attention should be paid to learning from their creative spirit and their spirit of waging an arduous struggle so as to enhance the morale of armed forces and to encourage them to carry out overall construction.

Third, they should always serve the people. It is imperative to put into effect in a down-to-earth manner the principle of upholding the purpose of our armed forces and serving the people wholeheartedly. A very important task at present is to implement the principle of improving the economic environment, rectifying economic order, and of deepening the reform drive; to consciously observe the state situation as a whole in economic construction; and to actively support or participate in the state economic construction and the program to build spiritual civilization. That is where the fundamental interest of the people throughout the country lies. In term of the PLA units under the Shenyang Military Region, which are stationed in Liaoning, they should act as leaders in the province to actively plunge into the program conducted by their neighboring localities with regard to building the two civilizations while successfully fulfilling the task of defending the motherland. Particularly under the current situation in which Liaoning Province is suffering the natural disaster and encountering many difficulties in the economic life, various PLA units stationed in the province should stand together with the people of Liaoning to carry forward the spirit of waging an arduous struggle, to do a good job in combating disaster and tiding over the famine, and to mutually score contributions to making the province's economy prosperous. In participating in the program of local construction, multifarious and multicategory measures may be adopted. For example, a good job can be done in voluntarily supporting the local program of economic construction, participating in the construction of public welfare projects, helping rural villages carry out farmland capital construction, giving a helping hand to areas which are poor or have encountered difficulties, and in assisting residents by popularizing the scientific and technological results. While actively participating in the local construction programs, the PLA units stationed in the province should also adopt multimeasures, such as the army-civilian campaign of building civilized units and the activities of supporting the government and cherishing the people, to work together with the people of Liaoning to mutually build the socialist spiritual civilization and to fulfill the duty of the Army made up of the sons of the people by continuously accelerating the pace of building the two civilizations. The People's Armed Forces departments at all levels should earnestly organize the broad masses of militiamen and reserve forces to actively participate in the program to build the two civilizations and to bring into full play the role of the reserve forces in national defense.

All in all, they have profoundly and increasingly discerned that the people of Liaoning have increasingly



understood and ardently cherished the Army made up of the sons of the people, that a new and enthusiastic upsurge of supporting the army and cherishing the people is taking place across the province, and that the more the people ardently love the armed forces, the more the armed forces will ardently cherish the people. They are convinced that only by enhancing the unity between the Army and the government as well as between the army and the people can both the soldiers and people overcome all difficulties and can they ensure that they will be able to continuously push forward the country's cause of socialist modernization and to realize the target of another quadrupling of the national economy in the 1990's.

### Northwest Region

#### Technology Helps Gansu Farmers Escape Poverty

OW1703224590 Beijing XINHUA in English  
1434 GMT 17 Mar 90

[Text] Lanzhou, March 17 (XINHUA)—Farmers in Qingyang County, Gansu Province, have a better life since Zhang Pingjun became deputy head of the county in 1988.

Situated in a mountainous area in the eastern part of the province, the county used to be notorious for its poverty.

Zhang, 37, realized that the lack of science and technology and specialized personnel hindered farmers from getting rid of poverty.

He suggested that the county's scientific and technological commission and scientific and technological association establish various kinds of training classes, which have trained 34,000 farmers over the past one and a half years.

As a result, the widespread use of advanced technology in the county enhanced the grain output. It has increased at an average rate of four percent a year in the past two years.

Zhang also set up a licorice root research institute, which has processed 130,000 kg of licorice root in the past two years. About 70 households in the county earned 144,000 yuan from producing 1.01 million kg of mushroom in that period.

#### Xinjiang Industrial Groups Increase Output

OW1503065990 Beijing XINHUA in English  
0147 GMT 15 Mar 90

[Text] Urumqi, March 15 (XINHUA)—The total industrial and agricultural output value of the Xinjiang Production and Construction Corps reached 6.276 billion yuan in 1989, a 5.9 percent increase over 1988.

The corps was established in the Xinjiang Uygur Autonomous Region after the founding of New China in 1949. It produced 1.372 million kg of grain and 120 million kg

of cotton last year, respectively 60 million kg and 13.5 million kg more than in 1988.

Its animal husbandry sector also developed rapidly in 1989. The corps' amount of livestock reached 3.61 million head, 7.6 percent more than 1988, according to figures released by the corps' commander, Liu Shuangquan.

So far, the industrial and agricultural output value of the corps accounts for one-fifth of the region's total. The grain and cotton produced by the corps made up, respectively, 20 percent and 40 percent of the region's total last year. Its production of cement, cotton cloth, sugar, and knitting wool accounted for 30 percent of the region's total last year.

The corps' industrial and agricultural output value is expected to climb to 7.02 billion yuan this year, up 7.27 percent compared with last year.

### RENMIN RIBAO Articles on Xinjiang

#### Part One

HK1803080090 Beijing RENMIN RIBAO in Chinese  
4 Mar 90 p 5

[Article by staff reporter Jiang Shaogao (3068 4801 7559): "Gain a New Understanding of Xinjiang (Part I)"]

[Text] "Xinjiang is a good place, and to the south and north of the Tian Shan are plenty of rich pastures." This was a summary of Xinjiang in the past when animal husbandry was its economic mainstay. Today, animal husbandry is merely a part of the region's economy. Xinjiang has reaped bumper harvest for more than 10 years in a row, Xinjiang's industries, especially petrochemical, coal chemical, and salt chemical industries, are booming and turning out to be its leading economic sectors.

I do not know how to clearly convey my impression of Xinjiang. Before I visited there, what I could relate to the region in my mind was a scene of barren desert. But my impression has completely changed since I arrived, and after I toured Urumqi, Tacheng, Ili, and Turpan, and stayed there for more than 10 days visiting some counties and enterprises, and interviewing Duan Zhenting, director of the regional economic commission. Although the deserts remain, many oases have emerged. For example, both Shihezi and Ili are now known as "Jiangnan in the Northwest." The saying that "to the south and north of the Tian Shan are plenty of rich pastures" is now merely a description of one aspect of Xinjiang. Xinjiang has reaped bumper harvest for 13 years in a row, and Xinjiang's industries, especially petrochemical, coal chemical, and salt chemical industries, are booming and turning out to be its leading economic sectors.

Both comrades at the regional economic commission and the regional chemical industrial bureau told me: "In

the wake of reform and opening up, people of all nationalities in Xinjiang have cultivated a stronger sense of commodity economy. Nowadays they are no longer satisfied with the self-sufficient economy, but wish to speed up production and are eager to make more contributions to the country." As a remote region with extremely inconvenient communication facilities, Xinjiang had a much underdeveloped economy in the past. For a long time people dared not expect too much from the region but hoped it could stand on its own feet. In order to maintain political, economic, and social stability in Xinjiang, the central authorities have implemented special policies toward nationalities, sent troops to border areas to open up wasteland there, called on other parts of the country to support the region, and made arrangements to ensure supply of daily necessities to the region. All these efforts have helped Xinjiang a lot in its socialist construction and laid a foundation for the region's future development.

In fact, the people of all nationalities in Xinjiang began to make tremendous contributions to the state after the introduction of the reform and opening up policy. Now supplies imported into Xinjiang from other parts of the country account for about 25 percent of the region's annual import-export volume. These imported supplies mainly include oil mining equipment and light and textile products which are imported as a part of the efforts to maintain a trade balance. Meanwhile exported goods account for about 75 percent of the region's import-export volume, among them are crude oil, raw coal, salt, grain, cotton, wool, leather, and fruits. By the way, such an export volume is achieved on the condition of serious shortage of transport facilities. Since the export volume has been restricted by the limited transport facilities, a large quantity of goods cannot be transported out of the region. Comrades of Xinjiang requested me to convey a message to the readers: nobody should view Xinjiang in light of his past impression of the region. Xinjiang is now a cornucopia; and absolutely a region rich in resources. There is much room for development in Xinjiang!

When talking about Xinjiang's rich resources, Huang Baozhang, vice chairman of the regional government, was full of pride. He pointed out: Xinjiang produces grain, high-quality peeler, and beet whose sugar content is as high as over 17 percent. Xinjiang has a developed animal husbandry which ranks it second only to Inner Mongolia in the country. And the region especially abounds with fruits. As for underground resources, more than 120 of the more than 150 kinds of mineral ores available in China have been discovered in Xinjiang. Among these mineral resources, Xinjiang ranks first for seven minerals and second for 12 minerals in the country. So Xinjiang can well be regarded as a region with vast territory and rich resources. To keep up with economic development, Xinjiang's decision-makers have put forth in good time a new guideline for construction—opening the region's doors to all areas in all fields, introducing investment from abroad and establishing

lateral ties with other parts of the country, and promoting trade with the hinterland to the east of the region and with foreign countries to the west of the region. Nowadays this new guideline is being implemented throughout the region. The chemical industrial sector of the region is one of the most active supporters of this guideline. Thanks to their great efforts, Tomur Dawamat, chairman of the regional government, concluded an agreement aimed at developing Xinjiang into a chemical industrial production base, with Gu Xiulian, minister of chemical industry, between last August and September.

According to an analysis by comrades of the regional chemical industrial bureau, Xinjiang cannot possibly give full play to its advantage in natural resources without developing chemical industry. The chemical industry produces various supplies that are needed by agriculture and offer job opportunities to accommodate some surplus laborers from rural areas. It also provides a large quantity of basic raw materials and a wide variety of special chemicals that the light and textile industry needs. As far as the exploitation of underground resources are concerned, apart from some primary products that are directly exported, all other minerals can produce great economic benefits only through the development of petrochemical, coal chemical, and salt chemical industries. Bie Ke, director of the Xinjiang regional chemical industrial bureau, was excited when he talked glowingly about the prospects in this area. He said: Over the past 10 years, Xinjiang's chemical industry has shown a tendency of developing ahead of time—it has been developing at a growth rate higher than the general industrial growth rate of the region, with an advance development coefficient of 1.62.

Raw materials and fuel that are needed for development of the chemical industry are available in Xinjiang. Intensive processing can also be done at a low cost on the spot. In addition, exporting processed products to the overseas and domestic markets is more economical and can score much better economic results than exporting primary products. For example, export of 1.28 million metric tons of primary products from the region can turn out 200,000 metric tons of electrochemical products. But, export of 200,000 metric tons of electrochemical products which could be sold for 593 million yuan would turn out 206 million yuan as taxes and profits, whereas the primary products whose value is estimated at 54 million yuan could turn out only 24 million yuan as taxes and profits. When it concerns economic returns, one must not ignore the difference.

"Giving full play to Xinjiang's advantage in natural resources and making use of the favorable condition that both raw materials and fuel are readily available here, we can promote production while ensuring good economic results and social benefits," said Duan Zhenting, director of the regional economic commission. As an example, he cited the rising Tarim extra-large oil field which is likely to become a substitute for the strategic key oil production base of China. To be sure, the development of the Tarim oil field will cost a lot of

money. But when this oil field is built, it will not only turn out oil but rich natural gas, and this will in its turn mean the rise of a series of natural gas chemical plants, such as ethylene plants, synthetic ammonia plants, and polyester plants, which can produce great profits. What is more, the development of the oil field will help boost Xinjiang's petrochemical industry, communications, and tertiary industry. Then Southern Xinjiang, which was very hard to get to in the past, will be open up to the outside worlds in the near future, and the local natural economy will soon be brought into the track of the planned commodity economy. That is the way to richness and prosperity for Southern Xinjiang.

And that is, needless to say, also the way to richness and prosperity for the whole Xinjiang.

### Part Two

HK2003132690 Beijing RENMIN RIBAO in Chinese  
6 Mar 90 p 5

[Article by staff reporter Jiang Shaogao (3068 4801 7559): "Exploring a Way to Take off—Gaining a New Understanding of Xinjiang"—First Paragraph is RENMIN RIBAO Introduction]

[Text] You can't build up your constitution on one mouthful. Although it has a weak industrial foundation, there is no lack of entrepreneurs in Xinjiang. They have utilized local natural resources and introduced technology from advanced areas and are exploring a way to effect an economic takeoff.

There is a border county in the northwestern region of the Zhungeer Basin in Xinjiang, which is called the Huobukesaier Mongolian Autonomous County. It was fine when we left Urumqi in the morning and after having covered for nearly 600 km in a car, we arrived at the county seat in the evening when flying snow flakes were descending softly.

County Deputy Head Yan Rihuan, a Southerner whose face was swarthy after more than three decades of being tempered by extremely cold wind and sand, told us this story: The county has a population of 40,000 people, five townships and two towns, four pastures, and seven industrial and mining enterprises directly under its jurisdiction. The yearly temperature in the county averages three Celsius degree and it has 60 to 70 days of force eight wind a year. In the early days of liberation, the county's population was no more than 9,000 people, who lived on some 90,000 domestic animals, eating mutton and wearing sheepskin. Situated in a region where natural conditions were so extremely harsh that the county remained in dire poverty until the Third Plenary Session of the 11th CPC Central Committee.

"The policy of reform and opening up to the outside world has pumped new vitality into this border county." When the conversation reached this topic, Old Yan was elated. He said: In the last few years the country has paid

close attention to the following things—stabilizing agriculture, developing industry, and doing a good job in circulation. The country's ground conditions are poor but it has rich underground natural resources. It abounds with coal, salt, bentonite, limestone, and mirabilite. Having a clear picture of its own strong points and being sure of success, the county authorities worked hard to develop its mineral resources, making great successes in the last decade. In 1980 the county's industrial and agricultural output value totaled just 14.97 million yuan, with industrial output value constituting a half of the agricultural output value. Last year the figure jumped to 80 million yuan, with industrial output value making up 85 percent. The average per capital income increased from 143 yuan in 1980 to 650 yuan.

Old Yan, who was quite familiar with the county's industry, led us to visit a saltworks, coal mine, power station, cement plant, and a soda works which was under construction. On the surface of the lake called Manasi Hu one cannot see any water, only salt. One-meter-high, one-meter-wide, and 10-meter-long piles upon piles of white salt stretched as far as the eye could see, in good order on one side of the salt pond. I asked several young people who were gathering salt: "How much salt can you gather a day?" "Thirteen or fourteen cubic meters," replied a young people clad in red sportswear. According to Old Yan, these young people came from various rural areas. The saltworks paid them according to their output, 1.3 yuan per cubic meter of salt. The area of the Manasi Hu is 660 square kilometers and its reserve amounts to about 1.32 billion metric tons of salt. The current annual output of the saltworks is 500,000 metric tons of raw salt, most of which is shipped to inland regions. Its salt is of top quality and contains as high as 98 percent sodium chloride.

"Apart from selling salt, we are also actively developing salt industrial chemicals. The county authorities and the Beijing Chemical Plant No. 2 have jointly operated caustic soda, calcium carbide, and polyvinyl chloride projects and are striving to put them into production this year. I believed what Old Yan said, because the county was rich in both salt and electricity. The county authorities invested 14.54 million yuan in the newly built Kangkou Power Station and are planning to turn most of the electricity to good account.

Making full use of local resources to develop high-priority industries has become a characteristic of the development strategy of the whole Xinjiang including the county. The development of the Duzishan Oil Refinery is another example.

The oil refinery was built in 1936. In Old China, it took great pains to carry out its operation under difficult circumstances and moreover, it operated intermittently. After the 1950's, the oil refinery was continuously expanded and technologically transformed along with the development of the Karamay Oilfield, becoming one of the technologically advanced oil refineries in the country. In the 1980's, they paid attention to enhancing



the oil refinery's double processing capacity, thus achieving the initial transformation from the oil refinery mainly producing fuels and lubrication oils to a chemical industrial enterprise. In 1989 the state approved the construction in the oil refinery of a project with a capacity of 140,000 metric tons of ethylene (which was jointly run by the China Petroleum and Natural Gas General Corporation and the autonomous region). This will help galvanize the Dushanzi Oil Refinery.

Xinjiang, which is rich in oil-gas resources, turns out 6.5 million metric tons of crude oil a year, providing the development of oil industry with guaranteed raw material supply. The 140,000-metric ton-ethylene project, which includes the ethylene, polythene, alcohol, polypropylene, butadiene rubber, MTBE [rendered in English as published]-butene, methanol, and forming processing devices, needs 2.5 billion yuan in investment and is scheduled to conduct trial run and, after receiving state appraisal, go into operation in 1993. After going into operation, the project is expected to earn 1.47 billion yuan from product sales and produce 284 million yuan in tax and 446 million yuan in profit a year. By then the whole refinery would have turned out more than 1.2 billion yuan in profit and tax.

The project has a direct bearing on the development of agriculture as well as light, textile, and chemical industries of the entire region and on its economic results and social benefit. When I was in the Dushanzi Oil Refinery for news coverage, the project construction headquarters were stepping efforts to carry out preparatory work for the project. Wang Dehua, secretary of the party committee of the mining area, said: The oil refinery's staff members and workers have a strong spirit of self-reliance and hard work. So long as the goal is clear and definite, we are not be afraid of any difficulties, no matter how big they are.

Xinjiang has a weak industrial foundation and an inadequate technical force. This is an objective reality. However, thanks to the policy of reform and opening up to the outside world, leading departments and enterprise managers in the region have become clever. They imported the technology and managerial expertise of outstanding factories in the inland regions to turn out brandname products and started their operations on this basis. Hence, their products earned were well received on the market very soon. Take the Urumqi Tyre Plant for example. It was built in 1984 by merging the former Xinjiang Experimental Chemical Plant and the Xinjiang Rubber Plant No. 3 plant director Li Zhaocheng is called by some Li Dadan [the Dauntless Li]. I asked him: "Why can your products be well received by the users in a short time?" He said: The first thing appeared in my mind was that it would not do to run a plant just using indigenous

methods. Since competition is so tense, we should form an economic combination with large factories in the hinterlands. Hence, I went to Qingdao, Tianjin, Shanghai, and Xian to conduct investigations in five or six factories and finally selected the Shanghai Zhengtai Rubber Plant, the country's largest tyre manufacturing enterprise, as our partner. The plant adopted a very prudent policy and its director and party secretary also came to Xinjiang for investigations and found out that the region had a vast market (it has numerous roads and more than 100,000 cars and tractors), a favorable geographical position (being convenient for exports), and good conditions in water, electricity, and gas supply in factory areas. Both sides thus decided to their great satisfaction that they would carry out joint management and use the technology and directions for producing the Zhengtai Rubber Plant's "Huili" brand tyres to turn out all the products. We conducted trial run in October 1986 and officially passed state appraisal in October 1987. After our products went through the tests conducted by the Shanghai Zhengtai Rubber Plant and the Testing Center of the Rubber Designing Research Institute under the Ministry of Chemical Industry, all their targets exceeded state standards. Hence, our products sell well inside and outside Xinjiang. In 1989 while quite a few factories in the hinterlands were encountering difficulties in production, this plant gained very good economic results and generated 44.97 million yuan of tyres in value, overfulfilling 21.5 percent of the plan; created 13.887 million yuan in profit and tax, overfulfilling 26.2 percent of the plan or an increase of 52.9 percent over the previous year.

Astute factory directors like the Dauntless Li are not rare in Xinjiang. Yuan Mingsui, director of the Urumqi Petrochemical Works, is one among them. He told me: Our works and the Dushanzi Oil Refinery share a "dragon head" but have different "bodies." They process plastics and industrial chemicals and we process chemical fibers. To achieve development, we should strive to improve oil refining, go all out to produce more chemical fertilizers, develop polyester, and prepare more ethylene. Everybody is now secretly exerting his strength. During my term of office, I will do several practical things to gather more momentum for the continued development of my enterprise.

With the state's policy of reform and opening up to the outside world as the guarantee, the help of state departments in charge of economic affairs, good resource conditions, and such numerous people who are willing to use their heads, there is no need to worry about having no way to invigorate Xinjiang's economy. We firmly believe that through the development and construction of one, two and even more "five-year plans," greater changes will surely take place in the face of Xinjiang.

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